

21.01.05.C0.01 University Service Centers

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Procedure Statement

Texas A&M University–Corpus Christi (TAMU-CC) personnel shall adhere to the guidelines set forth in System Regulation 21.01.05, Service Departments or Centers. This procedure describes the process that must be followed for operating a University service center.

Reason for Procedure

This Procedure provides guidelines for the oversight, establishment, and operation of University service to promote compliance with state and federal laws.

Procedures and Responsibilities

1. General

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

Service Centers 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. Services may be provided incidentally to external or individual users (faculty/staff, students, non-system users). The term service departments will be used to collectively refer to the four types of service centers defined below.

- (1) Department Recharge Centers normally operate within an academic division at the University, providing goods or services internally within their own departments.
- (2) Member-wide Service Centers are operated by the University, providing goods or services internally and to other System members.
- (3) Specialized Service Centers offer highly complex or specialized facilities to provide specific, unique services to specific users.

- (4) Other Service Centers are used to allocate member benefit costs to departments in order to collect funds to pay for claims. This is created to eliminate internal revenues/expenses only. When payroll is calculated, a percentage of the benefit expense is charged to department accounts and revenue is posted in the service center. When claims occur, the claims are paid from the service center. Examples of this type of service center include Unemployment Compensation Insurance (UCI) and Lump Sum Vacation Reserves.

Auxiliary enterprises that provide goods or services primarily to students, faculty, staff and others for their own personal use rather than as a service to internal University operations are not subject to this procedure.

All new service 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 Department Recharge Centers \$0 - \$75,000 (total expenditures) Rates shall be determined annually by the service center manager (see Section 6.2). Recharge account rates must be kept on file with the Associate Vice President and Comptroller's (AVP&C) Office. The basis for calculating the rates must be kept on file in the service center. No approval is required. The AVP&C's Office may perform random audits of these rates.
- 2.2 Service Centers are categorized into two types: Service Centers and Major Service Centers.
 - 2.2.1 Service Centers have \$75,001 - \$350,000 in total annual expenditures. Rates shall be determined annually by the service center manager. Service center rates must be kept on file with the AVP&C's Office. The basis for calculating the rates must be kept on file in the service center. No approval is required. The AVP&C's Office may perform random audits on these rates.
 - 2.2.2 Major Service Centers have \$350,001+ in total annual expenditures. 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 AVP&C's Office. The AVP&C'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 center rates shall be reviewed annually by the service center manager. Specialized service center rates, and the basis for the rates, must be kept on file with AVP&C's Office. The AVP&C's Office shall review the rate study annually for each specialized service facility. Specialized service center 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, State Laws, 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 Office of Management and Budget (OMB) 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Programs (Uniform Guidance), Section 200.333 Retention Requirements for Records. 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 <https://rattler.tamucc.edu/records/RecordsSchedule.html>).
- 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](#). The federal government must always be charged the lowest rate except when alternate pricing structures are in place as discussed in [System Regulation 21.01.05](#). 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 Equipment Purchases

- 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 of non-federally purchased equipment. By including equipment depreciation in the billing rates, the service center will build a reserve to purchase equipment in the future when the equipment needs to be replaced. 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. If the reserved amount is not sufficient to cover the cost of the new equipment, non-service center funds may be used to purchase the equipment with appropriate approvals.
- 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 the AVP&C'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 AVP&C.

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 AVP&C 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 Review activity for possible implications on Unrelated Business income tax.

6.2.1.4 Retain the records for the service center in accordance with the OMB Uniform Guidance, Section 200.333 Retention Requirements for Records. 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 <https://rattler.tamucc.edu/records/RecordsSchedule.html>).

6.3 Associate Vice President and Comptroller's Office

- 6.3.1 The Associate Vice President and Comptroller's Office, or designee, is responsible for the following:
 - 6.3.1.1 Reviewing new service center account requests to ensure proper placement in the University's Chart of Accounts.
 - 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 center 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 center.
 - 6.3.1.6 Approving transfers of funds out of service centers to ensure all costs meet the guidelines of the OMB Uniform Guidance, which requires that costs be allowable, allocable, and reasonable. All revenues should be used to cover costs actually incurred at the service center. Transfers should not be made to other accounts. An annual transfer may be made to the renewal and replacement account for depreciation.

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 Centers and making appropriate recommendations to the President.
 - 6.4.1.2 Reviewing and approving billing rates of all major service centers and specialized service centers.

7. Unallowable Costs

Unallowable costs are specified in the OMB's Uniform Guidance. Examples of specifically unallowable costs include bad debts; alumni activities; entertainment costs; fines and penalties resulting from violations or non-compliance of federal, state or local laws and regulations; and interest associated with internal debt. Unallowable costs should not be included in service department rates.

8. Service Center Packets

Service center packets to help perform rate studies may be obtained upon request from the AVP&C's Office.

Related Statutes, Regulations, or Requirements

[System Regulation 21.01.05 *Service Departments or Centers*](#)

[Office of Management and Budget Title 2, Subtitle A, Chapter II, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

Contact Office

Contact for interpretation: Associate Vice President and Comptroller's Office
(361) 825-5620