

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 1 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

I. PURPOSE

To establish University Procedures for the internal review and monitoring of Service/Recharge Centers charging University accounts.

II. REFERENCES

Office of Management and Budget, Circular A-21, Cost Principles for Educational Institutions.

Board of Regents Policy R555, "Providing" Facilities, Goods and Services in Competition with Private Enterprise.

III. DEFINITIONS

A. Service/Recharge Centers (SRCs) – Operating centers established for the primary purpose of providing specialized services to the university community (although services may be provided on an incidental basis to external users).

B. Lists of current authorized Service/Recharge Centers. (A current authorized Service/Recharge Center list can be obtained from the Governmental Accounting Office.) SRC's on this list are not required to complete Section IV.

C. An SRC whose primary business deals with the reproduction of documents (copy facilities) and charges \$.05 or less per copy is not required to complete Section IV.

IV. REQUESTS TO ESTABLISH A SERVICE/RECHARGE CENTER (SRC)

A request to establish an SRC must be submitted in writing to the Office of the Associate Vice President for Financial and Business Services. The request should be signed by the person with administrative or managerial responsibility of the requested SRC and the cognizant department director/chairperson and cognizant Vice President. A departmental account must be provided at the time the SRC rates are established which will be used to fund unallowable costs or deficits not recoverable through rate adjustments. The request should include the following information:

A. Description of the services to be provided

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 2 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

IV. REQUESTS TO ESTABLISH A SERVICE/RECHARGE CENTER (SRC) (continued)

- B. Identification of anticipated customers
- C. Projected number of transactions billed (annual basis)
- D. Projected dollar volume of transactions (annual basis)
- E. Documentation on how rates are to be determined. Rates charged to Federal Programs must not exceed actual costs and may not include unallowable costs.
- F. Documentation demonstrating that the:
 - 1. Services to be provided are consistent with the mission of the University.
 - 2. Services to be provided will not inappropriately or unfairly compete with private enterprises. (See Board of Regents policy R555)
- G. Identification of projected annual direct costs associated with the service. Direct costs of an SRC may include, but are not limited to:
 - 1. Salaries, wages and related fringe benefits
 - 2. Supplies and materials
 - 3. Subcontracts and outside services
 - 4. Interest on debt external to the University
 - 5. Equipment maintenance
 - 6. Training and travel

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 3 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

V. SERVICE/RECHARGE CENTER RESTRICTIONS

- A. Certain costs recovered through the University indirect cost rates cannot be included in the SRC billing rates unless specifically approved. Such costs include:
 - 1. Depreciation on building
 - 2. Depreciation on equipment
 - 3. Operation and maintenance of the building
- B. Costs used to determine billing rates must be clearly identifiable and auditable on an ongoing basis.
- C. Where an SRC is approved to recover costs for buildings or equipment depreciation, such recoveries must be based on University depreciation schedules. Capital acquisitions should be recorded in an activity distinct from the SRC operating activity and should be referenced in the depreciation schedule.
- D. The following costs must be excluded from the billing rates:
 - Capital acquisitions
 - Lease to own purchases
 - Debt principal payments
 - Interest paid to the University
 - Transfers of funds to another account
- E. Unallowable costs - Certain types of costs are considered unallowable for recovery by the Federal Government under OMB Circular A-21 guidelines. These costs must not be included in the determination of the billing rates. Unallowable costs include, but are not limited to, the following expense categories:
 - 1. Entertainment

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 4 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

V. SERVICE/RECHARGE CENTER RESTRICTIONS (continued)

- 2. Bad debts
- 3. Advertising except for: Recruitment of Personnel
Procurement of Goods & Services
Disposal of Surplus Property
- 4. Public relations
- 5. Alcoholic beverages
- 6. Contributions and donations
- 7. Goods or services for personal use

Questions regarding the allowability of costs should be directed to the Governmental Accounting Office.

VI. APPROVALS

- A. All requests to establish an SRC should be forwarded to the Office of the Associate Vice President for Financial and Business Services. Each request will be reviewed to determine if:

The request submitted is complete and understandable.

The services are consistent with University policy and federal regulations.

The rate computations are complete and accurate.

The rate determined is reasonable.

- B. The Office of the Associate Vice President for Financial and Business Services will:

Notify the requesting department, in writing, if their request was approved or denied. A copy will be sent to Governmental Accounting.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 5 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

VI. APPROVALS (continued)

If approved, an activity for the SRC will be established with General Accounting.

VII. RESPONSIBILITIES OF AND APPROVED SERVICE/RECHARGE CENTER

Initial and continued approval of an SRC is based upon each SRC's commitment to the following:

A. Maintain detailed records supporting billing rates:

1. Activities and projects billed
2. Services performed
3. Entities requesting the service
4. All operational expenses. (Normally, a separate activity or account will be established to record all appropriate SRC costs. Costs related to a SRC should not be commingled with other expenses of unrelated entities.)
5. All supporting records must be maintained for seven years and are subject to audit by federal or state auditors or the University's Internal Audit Department.

- B. Ensure that billing rates are based on actual costs and applied uniformly to all university users. An approved SRC should operate on essentially a break-even basis over a reasonable period of time (five years). Costs include direct and approved indirect expenses (see Section V.A.) plus under/over recovery from prior year.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 6 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

VII. RESPONSIBILITIES OF AND APPROVED SERVICE/RECHARGE CENTER (continued)

C. Assurance that revenues derived from sales to entities outside the University (off campus non-university) that exceed actual costs are recorded in a separate activity or account. For example:

	University Including Federal	off Campus Non-University (External)
Cost Recovery from Billing Rates	\$30.00	\$30.00
Amount over cost (credit to separate activity/account)	<u>0.00</u>	<u>20.00</u>
Total amount billed	<u>\$30.00</u>	<u>\$50.00</u>

D. Assurance that rate reviews are conducted at least biennially, (at any time it becomes apparent revenues vary significantly from actual costs, it is essential to promptly adjust rates.) Rate revisions should be considered when it is apparent that annual billings vary from actual costs by more than 10 percent.

E. Submit the following information to the Office of the Associate Vice President for Financial and Business Services by October 1, if during the fiscal year ended June 30 (a) the SRC had annual billings that exceeded \$1,000,000 or (b) the SRC had annual billings to grants and contracts that exceeded \$25,000,

1. A signed assurance statement by the Account Executive of the applicable SRC that the requirements of Sections V and VII of these procedures have been met.
2. An operating statement for the applicable SRC showing the revenue, costs of sales, expenses and profit or loss for the fiscal year ended June 30. This statement should include any adjustments necessary to reconcile to the University accounting statement(s).

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 7 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

VII. RESPONSIBILITIES OF AND APPROVED SERVICE/RECHARGE CENTER (continued)

3. A written statement outlining the steps to be taken if the profit or loss exceeds the requirements established in Section VII.D. SRC's meeting the annual billing minimums that do not provide the written analysis may be restricted from processing charges to other University activities/projects.

F. Assurance that inappropriate transfers for unrelated purposes are not made.

G. Ensure that sufficient funds are available in the SRC activity, when it is established, to cover necessary expenditures. Deficits that cannot be covered by rate adjustments must be funded by the responsible department. The funding of any cost determined to be unallowable is the responsibility of the department.

H. Notify the Office of the Associate Vice President for Financial and Business Services when changes are anticipated in services or accounting procedures, or when cessation of the SRC is anticipated.

I. Notify the Office of the Associate Vice President for Financial and Business Services to close the SRC account when the service is no longer being provided.

VIII. RESPONSIBILITIES OF THE ASSOCIATE VICE PRESIDENT FOR FINANCIAL AND BUSINESS SERVICES

These responsibilities include the following:

A. Periodically monitor rates to determine if the net income or loss from SRC activities is reasonable (within 10% or 60 days of actual costs).

B. Monitor activity to identify deviations from approved procedures.

C. Monitor fund balances for reasonableness.

D. Recommend corrective action to be taken to ensure compliance with these procedures.

E. Provide Research Accounting with a listing of all approved SRC's.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III – CONTINUATION SHEET
	NAME OF REPORTING UNIT University of Utah, Salt Lake City, Utah Revision Number 1, Effective Date 09/30/06
Item No.	Item Description

UNIVERSITY OF UTAH

Revised

ATTACHMENT A

Page 8 of 8

SERVICE/RECHARGE CENTERS REGULATIONS & PROCEDURES

VIII. RESPONSIBILITIES OF THE ASSOCIATE VICE PRESIDENT FOR FINANCIAL AND BUSINESS SERVICES (continued)

- F. Direct Research Accounting to discontinue the processing of charges to federal grants and contracts if corrective action is not implemented by a SRC to comply with these procedures.

END OF PART