

# STANDARD ADMINISTRATIVE PROCEDURE

## 21.01.05.M0.01 University Service Departments

*Approved May 2, 2002*

*Revised December 17, 2007*

*Revised April 22, 2016*

*Next Scheduled Review: April 22, 2021*

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### SAP Statement

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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 and Chief Financial Officer. All new service departments or centers must be reviewed by the University Service Department Review Committee, endorsed by the President for approval by the Chancellor, and approved by the Texas A&M University System (TAMUS) Board of Regents.

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### Official Procedure/ Responsibilities/ Process

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#### 1. RATE APPROVALS

- 1.1 Recharge Accounts - \$0 - \$75,000 (total expenditures) - Recharge account rates shall be determined annually by the service center manager. Recharge account rates, and the basis for the rates, must be kept on file with the Departmental Accounting Services (DAS). No approval is required.
- 1.2 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 DAS. No approval is required. DAS will perform random audits on these rates.
- 1.3 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 DAS. DAS 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 and Chief Financial Officer or designee.
- 1.4 Specialized Service Facilities - As described in Section C-47 of Federal Uniform Guidance (Refer to [System Regulation 21.01.05](#)). 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 DAS. DAS 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 and Chief Financial Officer or designee.

## 2. COMPLIANCE

University service centers must comply with federal laws and regulations including Federal Uniform Guidance. Service centers must also comply with state law, TAMUS Policies and Regulations, University Rules, and DAS procedures.

## 3. REQUIREMENTS AND GUIDELINES FOR SERVICE CENTERS

- 3.1 The service must fit the mission of the University.
- 3.2 The needed service can best be provided within the University or is not readily available outside of the University.
- 3.3 Service center accounts are designed to be breakeven operations.
- 3.4 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 permanently on file; other records must be kept in accordance with University guidelines (see the Records Retention Schedule at <http://policies.tamus.edu/61-99-01.pdf>).
- 3.5 All users of the service must be charged. All TAMUS users must be charged the same rate, in accordance with 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.

## 4. CAPITAL OUTLAY

- 4.1 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.

4.2 Transfers out of a service center account may only go into the corresponding renewal and replacement account and/or related service entity.

## 5. RESPONSIBILITY

### 5.1 Dean or Vice President

5.1.1 Ultimate responsibility for service centers rests with the applicable Dean or Vice President. The Dean or Vice President has the responsibility to:

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

5.1.1.2 Review and approve all service center rates within their unit. The Dean or Vice President should also approve the rate calculation survey for each major service center prior to its submission to DAS for review.

5.1.1.3 The appropriate Dean or Vice President assumes the budget/financial obligation for disallowed costs resulting from recharges/rates made by their activity units.

### 5.2 Service Center Manager

5.2.1 The Dean or Vice President 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:

5.2.1.1 Accurately prepare and properly submit the schedule of rates for review and approval on an annual basis.

5.2.1.2 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.

5.2.1.3 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 permanently on file; other records must be kept in accordance with University guidelines (see the Record Retention Schedule at <http://policies.tamus.edu/61-99-01.pdf>).

### 5.3 DAS

#### 5.3.1 DAS is responsible for the following:

- 5.3.1.1 Reviewing new service center account requests to ensure proper placement into its respective category (i.e., Recharge Account, Service Center, or Specialized Service Facilities).
- 5.3.1.2 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.
- 5.3.1.3 Reviewing the rate calculations provided by the major service center and specialized service facility managers.
- 5.3.1.4 Performing random audits on service center rates
- 5.3.1.5 Retaining copies of all rates for all services in each recharge account, service center, or specialized service facility.

### 5.4 Executive Vice President for Finance and Administration and Chief Financial Officer

#### 5.4.1 The Executive Vice President for Finance and Administration and Chief Financial Officer, or designee, is responsible for:

- 5.4.1.1 Reviewing the reports of the University Services Department Review Committee and making appropriate recommendations to the President.
- 5.4.1.2 Reviewing and approving billing rates of all major service centers and specialized service facilities.
- 5.4.1.3 Approving transfers of funds out of service centers. To ensure all costs meet the guidelines of Federal OMB Uniform Guidance (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. UNALLOWABLE COSTS - are specified in section 2 CFR 200 and Federal OMB Uniform Guidance section Subchapter F: Subtitle VI 621.

7. SERVICE CENTER PACKETS - may be obtained from DAS  
<http://costanalysis.tamu.edu/service-departments/forms-and-templates/>.
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**Related Statutes, Policies, or Requirements**

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*Supplements [System Regulation 21.01.05](#)*

*Service Departments and Uniform Guidance*

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**Contact Office**

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OFFICE OF RESPONSIBILITY: Departmental Accounting Services