



Effective Date: April 30, 2018  
Approved by: Policy Approval Committee  
Approved: April 2018  
Type: University Wide Policy  
Responsibility: University Finance

## **POLICY: Service Center Policy**

### **I. Policy Statement**

Service Centers are units within University of Rochester Cost Centers that charge for goods or services in direct support of the research or academic missions of the University and recover costs through charges/fees to internal and external users. To the extent that these fees are charged to federally funded grants and contracts, federal cost principles must be taken into consideration in establishing these rates. All Service Centers are expected to recover no more than the aggregate costs of their operations through charges to users. All Service Centers must be able to demonstrate compliance with federal requirements, and cannot use fee structures that discriminate against federal funding sources.

### **II. Policy Summary**

This policy provides guidance and reporting requirements to University faculty/administrative staff involved in overseeing Service Centers, including anyone who is involved in determining charge out rates, usage estimates, collective expenses incurred to operate Service Centers and provide services to both internal and external users with both federal and non-federal sponsors. As a recipient of federal funding, the University of Rochester must comply with the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. §200) (“Uniform Guidance”). In accordance with 2CFR 200, Subpart E (§200.468), when services are performed for a federally sponsored project this policy requires that Service Centers charge such projects according to actual usage and only recover actual costs (i.e. not make a profit). Non-compliance could result in Government-imposed fines or disallowed costs. In addition, non-compliance could harm the University’s reputation and reflect negatively on future sponsored project proposals. Service Centers are reviewed and tested during the annual audit as determined by 2 CFR 200 (§200.501).

### **III. Responsibilities**

Company (\*) Finance Offices are responsible for oversight of ongoing operations and compliance with this policy, including compliance with the timing listed in Appendix 1.

#### **Company responsibilities include:**

- Review and approve rates, account for subsidies, record depreciation and F&A charges
- Review the annual financial results for Service Centers including classifications of income and expenses to ensure that the balance forward is within +/- 15% margin
- Ensure Service Centers that include depreciation as a component of expenses, create and maintain information on equipment purchases, applicable depreciation, and asset tag numbers
- Assist with internal and external audits, including the periodic audits, of Service Centers
- Maintain a current list of the Company’s Service Centers
- Approve the creation and/or dissolution of Service Centers and request new Financial Activity Object’s (FAO’s) as needed
- Oversee any changes to the “Service Center Guidelines” manual

(\*) Company as defined by URFinancials, previously “Division”.

**Cost Center Unit responsibilities include:**

- Initiate establishment of new Service Centers with respective Company Finance Office
- Account for the operations of the Service Center and report on revenues, expenses and balances generated by Service Center activities
- Perform timely billing to internal and external users and manage collections from external users
- Review financial information mid-year to evaluate the potential need to change rates
- Calculate rates, at least annually, based on estimated expense data and projected usage
- Complete the "University of Rochester Service Center Annual Rate Documentation Form" biennially and submit it to the respective Company Finance Office for approval, along with other budgeted operating activities
- For Service Centers that include depreciation as a component of expenses, create and maintain information on equipment purchases, applicable depreciation, and asset tag numbers and provide to Company, Finance Office, and Office of Research Accounting and Costing Standards as part of the annual budget/rate calculation
- Ensure that space and equipment inventories are up to date
- Ensure that rates comply with the guidance in this policy and are reported and reviewed by the respective Company Finance Office

**Central responsibilities include:**

- Provide guidance and assist with policy interpretation
- Calculate and provide indirect amounts for Specialized Service Centers
- Review annual rate calculations
- Maintain Policy

**IV. Who Must Comply:**

Any University of Rochester Company with at least one Cost Center operating a Service Center must comply with this policy. This policy applies to Service Centers that meet at least one of the following criteria: (1) Total operating expenses of \$100,000, or (2) annually charge federally funded sponsored projects \$75,000 or more. Service Centers that do not meet either criteria must be able to demonstrate their exemption using financial detail from the most recent fiscal year and are subject to review at any time. This review may include, but is not limited to, evidence of strong financial oversight and continuous compliance monitoring. Central service units and other fee-for-service units are not covered by this policy but must comply with 2 CFR 200, other federal requirements and all other relevant University of Rochester policies. Approval is required from a Company Finance Office before establishing and operating a Service Center. Please refer to the Service Center Guidelines manual for guidance on establishing a new Service Center. All Service Center operating cycles should align with the University of Rochester fiscal year: July 1 -June 30, except that Laboratory for Laser Energetics will adjust its rates on October 1 of each year.



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**V. Procedures:**

Refer to the Service Center Guidelines manual for additional operational and financial information as well as guidelines for recording financial transactions in URFinancials.

**VI. Related Policies and Documents:**

[http://www.rochester.edu/ORPA/assets/pdf/policy\\_ServiceCtrGuidelines.pdf](http://www.rochester.edu/ORPA/assets/pdf/policy_ServiceCtrGuidelines.pdf)

<http://www.rochester.edu/adminfinance/finance/policies/unallow.html>

<http://www.rochester.edu/adminfinance/finance/assets/pdf/UR%20Tax%20Exempt%20Bonds%20Policies%20June%202012%20final.pdf>

<http://www.rochester.edu/adminfinance/finance/assets/pdf/CapPolicyGuidelines.pdf>



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**Appendix 1**

Annual Service Center Rate Calculations due to Company Finance Office	April 1
Annual Service Center Rate Calculation due to Central (Cost Accounting)	May 15
Rates Approved	June 15
Rates Effective	July 1
Laboratory for Laser Energetics	
Annual Service Center Rate Calculations due to Central (Cost Accounting)	August 30
Rates Approved	September 15
Rates Effective	October 1
END OF POLICY	