

## Service Centers

**Summary/Purpose:** Per Cost Accounting Standards DS-2, Item 3.2.0, service centers are departments or functional units that perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include “recharge centers” and “specialized service facilities” defined in 2 CFR 200.468 *Specialized Service Facilities, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. These centers provide services for a fee in order to recover only the actual aggregate costs of the service, with rates adjusted annually for over/under applied costs.

**Establishing a Service Center & Rate Development:** No service center may be established without prior approval from the Office of the Vice Chancellor for Research and Sponsored Programs. All rates must be submitted for review and approval to the Office of Accounting on an annual basis prior to services being provided. Approved rates must be reviewed and updated annually, if applicable. Forms and procedures for completion are located on the [Office of Accounting web page](#).

All costs included in the rate must be reasonable, properly allocated to the center, applied consistently according to generally accepted accounting principles and allowable by the federal government pursuant to Subpart E of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 2 CFR 200.468 states the costs of such services must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that:

- Does not discriminate between activities under Federal awards and other activities of the non-Federal entity, including usage by the non-Federal entity for internal purposes.
- Is designed to recover only the aggregate costs of the services. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/under applied costs of the previous period(s).
- Where the costs incurred for a service are not material, they may be allocated as indirect (F&A) costs.
- Under some extraordinary circumstances, where it is in the best interest of the Federal government and the non-Federal entity to establish alternative costing arrangements, such arrangements may be worked out with the Federal cognizant agency for indirect costs.

At no time shall charges to non-federal customers be less than that charged to federally supported customers.

On a monthly basis, the department shall reconcile all applicable revenues and expenditures within the SAP system. The department is responsible for timely invoicing and collections.

The department will be responsible for any related sales tax or unrelated business income tax resulting from the service center.