



Administration and Finance

Policy No: 3584

Policy Name:
Service Centers

Effective Date:
July 1, 2008

Policy:

Revision Date:
N/A

- A. To establish a service center, the unit must prepare a proposal in accordance with the Service Center Procedures Manual. All service center proposals must be approved by:
1. Department Chair, if applicable
 2. Dean or his/her designee in the Dean's Office
 3. Cost Analysis and Studies
- B. Service centers bill for the goods and services they provide according to the following guidelines:
1. Service center billing rates should be set at a level designed to recover no more than the cost of providing the goods and /or services.
 2. Service centers bill based on actual usage of the service
 3. All users of the service center must be billed at the approved rates. External service center customers may be charged a surcharge in excess of the billing rate.
 4. Service centers must obtain approval from their Dean's Office and notify Financial Services before selling to external parties.
 5. Internal billings must occur after the goods and services are provided.
 6. All billings should be timely (at least once a month).
- C. Each service center should maintain activity logs to support the billings. These logs should be retained for a period of at least three years. If the service center is under audit from an external source, this period will be extended until the audit is complete.
- D. All costs related to a service center must be charged directly to the service center chartstring even if this will cause the service center to operate at a deficit.
1. All costs incurred by the service center must be allowable according to Section J of OMB Circular A-21.
 2. The cost of equipment should be recovered throughout the life of the asset through depreciation as opposed to the year in which the equipment is purchased.
 3. Specialized service facilities (>\$1,000,000 in internal billings) must recover the cost of the facilities they occupy through their rates. Specialized service facilities will be charged an amount per square foot depending upon the building they occupy.
- E. On a quarterly basis, Cost Analysis and Studies will review the activity on service center chartstrings for compliance with University policies and procedures.
- F. On an annual basis, each service center must submit an annual rate package to support the rates to be used during the next calendar year. This rate package is reviewed and approved by the Dean's Offices and by Cost Analysis and Studies. This rate package is to be prepared and submitted in accordance with the Service Center Procedures Manual.

Approved by:
Lynn Kingsley
Director
Cost Analysis and Studies

Approval Date:
July 1, 2008

Refer Questions to:
Director
Cost Analysis and Studies
410-706-2889

**USM Board of Regent's
Policy Reference:**
N/A

Definitions and Terms:

External Customer – Any customer not using an eUMB chartstring for payment. This includes other University of Maryland campuses, on-campus affiliates (e.g., University of Maryland Medical System, University Physicians, and Veterans Administration), students, and non-University residents of the BioPark.

Internal Customer – Any customer who pays with an eUMB chartstring.

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Service Center – An organizational unit or activity that provides goods and services primarily to internal university operations and secondarily to external users, and charge the users for these services whose annual internal billings are between \$100,000 and \$1,000,000.

Specialized Service Facility - An organizational unit or activity that provides goods and services primarily to internal university operations and secondarily to external users, and charge the users for these services whose annual internal billings are > \$1,000,000.

Purpose:

To ensure that service centers and specialized service facilities are operated, accounted for, and monitored in accordance with federal guidelines and sound costing principles.

Scope:

This policy only applies to service centers and specialized service facilities. This policy does not apply to other revenue generating or cost transfer activities. In this policy the term "service center" refers to both specialized service facilities and service centers, unless otherwise noted.

Procedures:

See the Service Center Procedures Manual available at www.cost.umaryland.edu

Responsibilities

- A. Service Center Director/Administrator
 1. Prepare proposal and acquire the necessary approvals from the Department Chair (if applicable), the Dean's Office and Cost Studies and Analysis.
 2. Prepare rate calculation packages on an annual basis.
 3. Communicate with school administration and Cost Studies and Analysis regarding proposals, mid-year rate changes and other mid-year service center operation changes.
 4. Bill users in a timely manner in accordance with the Service Center Procedures Manual.
 5. Maintain activity logs to support billings.
 6. Appropriately collect all allowable costs related to the service center.
 7. Identify appropriate funding sources for equipment purchases and/or operating deficits.
- B. Department Chair
 1. Review and approve service center proposals.
 2. Review and approve the rate calculation packages on an annual basis.
 3. Review and approve mid-year rate changes.
 4. Identify appropriate funding sources for equipment purchases and/or operating deficits.
- C. Dean's Office or Designee in Dean's Office
 1. Review and approve service center proposals.
 2. Review and approve the rate calculation packages on an annual basis.
 3. Review and approve mid-year rate changes.
 4. Approve sales to external parties.
 5. Identify appropriate funding sources for equipment purchases and/or operating deficits.

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D. Cost Analysis and Studies

1. Review and approve service center proposals.
2. Review and approve the rate calculation packages on an annual basis.
3. Review and approve mid-year rate changes.
4. On a quarterly basis, perform the journal entry to record the facilities charge to specialized service facilities.
5. On a quarterly basis, perform a journal entry to record depreciation for the appropriate assets.
6. Provide service centers with a depreciation schedule on an annual basis.
7. Perform quarterly reviews of service center activities.

E. Financial Services

1. Provide Unrelated Business Income Tax reporting, as necessary.
2. Maintain the Central Billing function for billing external customers.

F. Budget and Financial Analysis

1. Review and approve funding plans for operating deficits.

Restrictions and Exclusions:

N/A

Sample Forms:

Service Center Proposal Cover Sheet

Instructions For Completing Forms:

See the Service Center Procedures Manual available at www.cost.umaryland.edu