

21.01.05.E0.01 Service Centers

Approved January 16, 2025
Next Scheduled Review: January 16, 2030

Supplements System Policy 21.01.05, Service Departments

Standard Administrative Procedure Statement

Service departments or centers must be established according to Texas A&M University System Regulation 21.01.05, *Service Departments*. This Standard Administrative Procedure (SAP) prescribes the procedures that must be followed when establishing, maintaining, and closing all TEES Service Centers.

Procedures and Responsibilities

1. DEFINITIONS

- 1.1 **Department Recharge Centers** – Provide goods and services internally within their own department on a pass-through basis. Recharge account rates must be reviewed annually by the service center manager.
- 1.2 **Member-wide Service Centers** – Provides goods and services to multiple A&M System member colleges/divisions. A copy of the service center rates and the basis for the rates must be kept on file with the Fiscal Office (FISC). FISC reserves the right to perform random audits of these rates. Rates are analyzed, reviewed, and approved biennially by the Fiscal Office. Minor adjustments to rates with justification between biennium analysis are noted as amendments by FISC to the last approved rate analysis. Rates shall be approved by the Department Head, TEES Fiscal Office, and the Chief Financial Officer or delegate.
- 1.3 **Specialized Service Centers** - As described in 2 CFR § 200.468 (refer to [System Regulation 21.01.05](#)), are highly complex facilities providing specific and unique services to specific users. These centers can include the allocable share of F&A (indirect) costs in their rate calculations under OMB Uniform Guidance 2 CFR 200 (200.468). These rates are analyzed and reviewed annually by FISC. A Specialized Service Center cannot be established until approval is granted by the Department Head, the Fiscal Office and Chief Financial Officer or designee.

2. RESPONSIBILITIES

2.1 Service Center Manager

2.1.1 The Service Center Manager oversees the daily operations of the service center. They must be equipped to manage the additional administrative tasks of operating the center. This includes maintaining separate accounting and tracking service center utilization.

2.1.2 Accurately prepares and submits the service center rates for review and approval.

2.1.3 Regularly reviews the financial status of the service center, at least once a year, to assess expenditures and service charges, and to adjust for any surpluses or deficits as needed.

2.1.4 Maintains records for the service center in compliance with System Regulation and 2 CFR § 200.334. Rate study worksheets and related forms must be permanently retained.

2.2 TEES Fiscal Office (FISC)

2.2.1 Reviews new service center account requests to ensure proper placement into its respective category (i.e., Recharge Center, Service Center, Major Service Center, or Specialized Service Facilities).

2.2.2 Assists with the development of billing rates, cost allocation procedures, equipment depreciation, record keeping, etc.

2.2.3 Performs audits on service centers rates as needed.

2.2.4 Retains copies of all rates for all services in accordance with System Regulation and 2 CFR § 200.334.

2.3 Chief Financial Officer or Designee

2.3.1 Reviews and approves billing rates as recommended by the TEES Fiscal Office.

2.3.2 Approves transfers of funds out of service center accounts.

3. REQUIREMENTS AND GUIDELINES FOR SERVICE CENTERS



- 3.1 The service must complement the mission of the TEES and/or the goals of the department.
- 3.2 The primary users of the service center are internal customers, while usage by external customers remains secondary to its operations.
- 3.3 Rates can be defined in measurable units of goods or services.
- 3.4 Service centers must comply with federal laws and regulations including but not limited to the Federal Uniform Guidance, State law, TAMUS Policies and Regulations, and TEES Rules and Standard Administrative Procedures.
- 3.5 Service center managers shall retain adequate documentation in accordance with 2 CFR § 200.334. In general, rate study worksheets and documentation must be kept permanently on file.
- 3.6 All users of the service should be charged. All TAMUS users must be charged the same break-even/internal rate, in accordance with System Regulation 21.01.05.
- 3.7 Sales of goods and services to individuals or non-system organizations and entities are reviewed for federal income tax and sales tax considerations (i.e., unrelated business income tax).
- 3.8 All rates charged to federal projects should be reasonable, necessary allocable, and allowable in accordance with 2 CFR § 200.468.
- 3.9 Rates must 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.

4. PRICING AND COST RECOVERY

- 4.1 Service center accounts are designed to be breakeven operations annually.
- 4.2 An operating cost reserve of 60-90 days is acceptable and will not be considered a surplus, with the following stipulation: If the service department charges federal grants or contracts, Federal Uniform Guidance requires that the reserve must not exceed 60 days.
- 4.3 Rate calculations should include only allowable direct costs.
- 4.4 Unallowable costs are defined in 2 CFR § 200.31. Indirect costs can only be added into rates for Specialized Service Centers as defined in section 1.1.3.

- 4.5 Rates should be based on actual usage of the goods or services by its customers.
- 4.6 Capital expenses for equipment purchases should generally not be included in the costs used to set service center billing rates. However, the billing rate can incorporate depreciation of equipment that was not purchased with federal funds. Including equipment depreciation in the billing rates allows the service department to build a reserve for future equipment replacements.
- 4.7 With approval from the CFO or delegate, the service center can receive subsidies from their department or other Members. Service department deficits caused by intentional subsidies cannot be carried forward as adjustments to future billing rates. Subsidies must be documented in the rate worksheet and provided only when there is a sound programmatic purpose.
- 4.8 When services are provided to external users, the billing rates may be higher than for internal users. If there is a profit element, the profit does not have to be included in the over/under recovery in computing the carryforward for future billing rates. This excludes Specialized Service Facilities.

5. CLOSING OF SERVICE CENTERS

- 5.1 If it is determined that the goods or services provided by a Service Center are no longer needed, the CFO or their delegate may approve the elimination of the center.
- 5.2 If the Service Center is eliminated, the CFO or their delegate will determine how to allocate any remaining funds.

Related Statutes, Policies, or Requirements

[Regulation 21.01.05, Service Departments or Centers](#)
[System Records Retention Schedule](#)

Contact Office

TEES Fiscal Office

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