



Effective: April 1, 2024
Last Revised: April 1, 2024

Responsible University Office:
Finance Office

Responsible University Administrator:
Vice Chancellor for Business and Finance

Policy Contact:
Jill Purdy, Director of Finance, purdyj@unk.edu, (308) 865-8524

Service Center Policy

POLICY CONTENTS

Scope
Policy Statement
Reason for Policy
Procedures
Definitions
Additional Contacts
Forms
Related Information
History

Scope

A Service Center is any organizational unit, or activities within units, that, on a recurring basis, charge for goods or services provided primarily to other internal University operations or units, but also potentially to users external to the university. Any unit or activity established for the purpose of, or participating in, supporting internal or external research objectives through billing to federal or federal flow-thru funds for goods or services provided may be a Service Center. This policy applies to an organizational unit or activity that meets at least one of the following criteria:

- (1) Total operating expenses of \$20,000 or more per year, or
- (2) Charges to federally funded grants, federal contracts, or federal pass-through awards of \$10,000 or more per year.

An organizational unit or activity established for the purpose of charging for goods or services provided primarily to external non-profit or other organizations will be managed as a service contract rather than a restricted or sponsored activity and is not covered by this policy.

Policy Statement

Organizational units will follow procedures, as directed by the UNK Division of Research and Creative Activity and the UNK Finance Office, for:

- the request, approval, and establishment of new UNK Service Centers
- the operation, management, and oversight of approved UNK Service Centers

In accordance with Uniform Guidance, Subpart E (§200.468), UNK's policy requires that all Service Centers charge customers using federal funds to pay for services according to actual usage and only recover costs and 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 grant proposals.

Reason for Policy

The University of Nebraska at Kearney's (UNK) policy for the financial management of Service Centers has been established to provide consistent operational practices among the various Service Center units and to ensure compliance with federal government regulations. This is important because UNK conducts sponsored programs under federal grants and contracts. Service Centers can result in charges, directly or indirectly, to sponsored programs at UNK. Therefore, Service Center policies and practices must reflect compliance with cost principles and cost accounting standards promulgated by the federal government such as those contained in the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) ("Uniform Guidance") and [those required by the Cost Accounting Standards Board](#).

In addition, UNK is recognized as a tax-exempt organization, but it still may be liable for tax on its unrelated business income (UBIT). For most organizations, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption. For this reason, careful consideration will be taken of requests for the establishment and management of UNK Service Centers.

Procedures

Service Center Operations:

- Service Centers are not to discriminate to the detriment of federal grants and contracts in the rates charged to governmental and non-governmental users.
- Billing rates must exclude [unallowable costs](#).
- Service Center billings for goods or services through interdepartmental invoices can recover no more than actual cost.

- Service Centers will bill at prices that are the same for all Internal Users unless there are justifiable cost differences; for example, in the nature of the service, in volume or in priority of delivery.
- All users must be billed for the services received.
- All Service Centers will calculate rates that provide for recovery of costs on an annual basis.
- Service Centers are allowed to carry forward, to the following year, surpluses and deficits that are within 15% of annual expenses (see Service Center Procedures "Treatment of Over/Under Recoveries").
- Service Centers that accumulate a surplus greater than 15% of annual expenses computed as of the final closing of the books on June 30 are required to adjust rates downward to achieve breakeven the following year.
- Service Centers will retain documentation for rate setting and service billings that is adequate to support an audit, in accordance with [university records retention policy](#) for sponsored projects.
- Rates for External Users may include an additional surcharge to avoid unfair competition with commercial firms that provide the same services or products.
- For full procedures, see [UNK Service Center Procedures Appendix](#).

Definitions

Service Center: A Service Center is an organizational unit, or an activity within a unit, that, on a recurring basis, charges for goods or services provided primarily to other internal university operations or units, but also potentially to users external to the university. Any unit or activity established for the purpose of, or participating in, supporting internal or external research objectives through billing to federal or federal flow-thru funds for goods or services provided may be a Service Center. Examples include, but are not limited to, computer services, copy services, lab analysis services, research animal care services, 3-D printing, and the [UNK INSpRE Instrumentation Core equipment usage](#).

Service Center Operating Fund Center: The Service Center Operating fund center is used to record and track the service center's revenues and expenses that should break even for the fiscal year. Revenues include the break-even rate charges to internal and external customers. Expenses include any expenses built into the service center rate that are allowable.

Service Center Reserve Fund Center: The Service Center Reserve fund center is used to hold above break-even external revenue and the recovered depreciation amounts when appropriate. Capital items may be purchased from this fund center.

Internal User: An Internal User is an academic, administrative, or auxiliary unit within the University of Nebraska system or a person affiliated with one of these units, that wishes to purchase goods or services from a Service Center to support the Internal User's university-related academic or research activities. Service Center rates are typically subsidized by the institution and these subsidized rates, therefore, are available only to Internal Users. This work may include federally sponsored projects. All Internal Users

must provide a fund center number to be charged for each and every usage of services or purchase of goods when requesting goods or services. Payments from Internal Users are processed using internal charge journal entries.

External User: An External User is an entity or person having no direct affiliation with the University of Nebraska system who may wish to purchase services for reasons of convenience, cost effectiveness or uniqueness of the service offered. External Users include students, faculty, or staff acting in a personal capacity. All External Users will be expected to provide credit card, cash, or check for payment at the time services are received. Caution: Allowing the use of University facilities and services by parties not otherwise associated with UNK may carry tax related consequences. Therefore, consult with the Finance Office before providing goods or services to non-university users.

Additional Contacts

<i>Subject</i>	<i>Contact</i>	<i>Phone</i>	<i>Email</i>
UNK Finance Office	Jill Purdy, Director of Finance	(308) 865-8524	purdyj@unk.edu
UNK INSpRE Instrumentation Core	Scott Darveau, Director of Research Services	(308) 865-8491	darveausa@unk.edu

Forms

[Request for New Service Center](#)
[Service Center Rate - Budget Template](#)

Related Information

[Fiscal Responsibility and Review of Financial Reports Policy](#)
[Cash/Money Handling and Accounts Receivable Policy](#)
OMB Uniform Guidance (2 C.F.R. §200), [Subpart E \(§200.468\)](#)