

Texas Woman's University University Regulation and Procedure

Regulation and Procedure Name: Service Centers and Billing

**Regulation and Procedure
Number: URP: 04.110**

Policy Owner: Finance and Administration

POLICY STATEMENT

This policy outlines the institutional requirements and processes for establishing, accounting for, and documenting service centers and associated rates charged for goods or services provided by service centers. Texas Woman’s University (“TWU”) service centers must follow fiscal procedures approved by the Vice President for Finance and Administration. The process reflected in this policy is intended to assure operational efficiency, best practices, and transparency with regard to the use of funds charged for these services.

APPLICABILITY

This policy is applicable to all TWU Employees.

DEFINITIONS

1. “Operating Costs” refers to all costs that can be specifically associated with a service provided by a service department. These may include salaries or wages, not paid for by other sources, and fringe benefits of faculty and staff directly involved in providing the service, material and supplies, purchased services, travel expenses, equipment rental or depreciation, overhead, and interest associated with external debt used for equipment acquisitions.
2. “Employee” means any individual at TWU who is hired in a full-time, part-time, or temporary capacity in a faculty or staff position, or in a position where the individual is required to be a student as a condition of employment.
3. “Departments” means any unit within the University using the goods or services being provided by the service center.

4. "Service Center" means a department or unit of the University that provides services to users who are primarily within the campus community (i.e., internal users) for which it recovers some or all of the direct operating costs, including overhead. A service center should serve a large segment of the University community.

REGULATION AND PROCEDURE

I. TWU Service Centers

TWU service centers are organizational units which provide specific goods or services, or a group of goods or services, to users principally within the University's community. A service center is an ongoing activity and not a one-time distribution of expense.

II. Operating Cost Recovery

A. A service center recovers the cost of its operations through charges to its users. Rates charged by a service center should reflect all operating costs, including wages, benefits, cost of materials and supplies, cost of physical facilities, depreciation, training, overhead, and a share of general and administrative expenses.

B. While service centers may be subsidized in their operations by authorized University allocations, service centers may not make a profit or generate a surplus balance long term. Service centers must break-even over time (not including reserve allotments) and comply with federal and state laws and regulations, including but not limited to Federal Uniform Guidance and cost accounting standards.

C. The rates charged by a service center must be reviewed annually and adjusted as appropriate by the Vice President for Finance and Administration ("VPFA"). If applicable, surplus balances will be considered upon review of rates charged by a service center.

III. Billing Rates for Departments

To set accurate billing rates for operating costs, service centers must be able to separately identify the revenue and expenses related to the services being provided. A single service center that performs a wide variety of services must establish separate funds and billing rates for each service. This will ensure that

departments are charged the appropriate amount for services performed by service centers.

IV. Cost Allocation

Where separate billing rates are used for different goods or services provided by a service center, the costs related to each good or service must be separately identified through a cost allocation process. Cost allocations will also be necessary where a cost partially relates to the goods or services provided by the service center and partially to the activities of the service center's supervising department. Cost allocations should be made on an equitable basis that reflects the relative benefits each activity receives from the cost.

V. Rate Review

A. Approved service center rates should be published on the TWU Knowledge Base, within the section belonging to the service center responsible for posting rates, billing, and records management for each respective service center.

B. Rates must be reviewed and adjusted as appropriate on an annual basis.

1. Fund balances, or equity, from the prior year are included in determining new rates as referenced in Section II above.
2. Positive fund balances that represent an approved reserve of working capital are allowable.
3. If all operating costs are not recovered by the billings of the service center in the prior year, the service center department may subsidize the costs with alternative local funding in order to keep rates from spiking too high in the subsequent year. However, because this represents a cost to the university, subsidies are subject to approval by the VPFA.

REVIEW

This policy will remain in effect and published until it is reviewed, updated, or archived. This policy is to be reviewed once every six years. Interim review may be required as a result of updates to federal and state law or regulations, Board of Regents policies, or internal processes or procedures.

REFERENCES

[Office of Management and Budget, 2 CFR, Part 220, OMB A-21](#)

[Texas Comptroller's Office, Purchase Policies, eXpendit for Service Departments](#)

FORMS AND TOOLS

None

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