

Office/Contact: Office of Finance and Business/Grants and Contracts Administration

Source: 2 CFR 220; SDBOR Accounting Policies & Procedures Manual

Link: <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part220/content-detail.html> <https://mytraining.sdbor.edu/resources/banner/Finance/AccountingPoliciesAugust2012.pdf>

Associated Forms: [Service Center Approval Sheet](#), [Service Center Rate Template](#)

SOUTH DAKOTA STATE UNIVERSITY
Policy and Procedure Manual

SUBJECT: Service or Recharge Center Rates

NUMBER: 5:8

1. Purpose

Some units of the University have specialized capabilities that can provide value throughout campus and to external clientele. The capabilities range from specialized expertise, equipment, facilities, and products. The University allows for approval of the specialized units to be recognized Service or Recharge Centers that can recover costs related to providing services to University customers as well as clientele that are external to the University. This policy establishes the required procedures for the approval and operation of Service or Recharge Centers.

- d. **Direct Operating Costs:** All costs that can be specifically identified with a Service/Recharge Center. These costs include the salaries and fringe benefits, materials and supplies, purchased services, travel expenses, equipment rental or depreciation, interest associated with equipment acquisitions, etc. These costs do not include University facilities and administrative costs.
- e. **Equipment:** An item of tangible personal property having a useful life exceeding one year and an acquisition cost of \$5,000 or more. These are considered a capitalized asset. Purchases that do not meet these guidelines are considered consumable supplies.
- f. **Depreciation:** A systematic, rational accounting process that allocates the cost of capitalized assets over their expected useful life.
- g. **Institutional Facilities and Administrative (F&A) Costs:** These are costs that cannot be readily and specifically identified with a specific project, program or activity which provide an overall benefit to the University and sponsored agreements. Institutional F&A costs consist of general administration and general expenses such as executive management, accounting, payroll and personnel administration, operations and maintenance expenses, such as utilities, building maintenance and custodial services, building depreciation and interest associated with the financing of buildings, administrative and supporting services provided by academic departments and special administrative services provided to sponsored programs.
- h. **Unallowable Costs:** Costs that cannot be charged directly or indirectly to federally-sponsored programs. These costs are specified in 20 CFR 220. Common examples of unallowable costs are alcoholic beverages, bad debts, charitable contributions, entertainment, fines and penalties.

feasible, the adjustments may be made by increasing or decreasing the charges made to users.

- i. Expenditures for Equipment purchases cannot be included in the costs used to establish Service/Recharge Center Billing Rates. The rates, however, will include depreciation of the equipment. Including equipment depreciation in the Billing Rates will generate funds that will enable Service/Recharge Centers to purchase equipment. The funds represented by the depreciation will be in an Equipment replacement reserve fund. When a Service/Recharge Center needs to purchase a new item of equipment, the Equipment will be purchased free of charge.