



**University of South Alabama
Service Centers/Recharge Centers
Training Guide**

1.0 Introduction

Service/recharge centers are an essential element in the academic

2.2 Recharge

the year. Remember, revenues should equal costs, over time. When establishing a new service center, costs should equalize revenue of a period not to exceed 5 years.

Additionally, a distinct FOAPAL will be established if depreciation is a component of the rate. This FOAPAL will accumulate the portion of the rate attributed to depreciation expense for future equipment replacement.

When recording service center transactions use the code: SRVCTR in the Activity Code field to support service center reporting and monitoring activities. Also, include appropriate rate identifying information in the description field when entering a JV or payment. Each recharge/service center should develop a standard description for each rate offered so that there is differentiation between rates. Please make this standard description informative enough so that the Office of Grants and Contracts Accounting can monitor revenue and expenditure activity within the FOAPALai/CS1(ti)2.768Tt [8(a.006)-2.8

Internal users should be invoiced utilizing an account code distinct to the service center. Account codes specific to a recharge/service center will be established (if not already active in Banner) in the University's accounting system. A distinct account code will enable the Service Center Manager and The Office of Grants and Contracts to evaluate expenditure and revenue data for each recharge/service center. The account code series for service center activity begins with 718XXX.

Internal customers will be invoiced and billed via [expense transfer](#)

Keep in mind that invoices can never be simply deleted, even if created in error. If an invoice was created in error, the invoice needs to be immediately voided and kept on file for future audits. If an invoice is deemed to be uncollectible, proper accounting requires writing off receivable as a bad debt.

4.2 Accounts Receivable for External Users

Accounts receivable is the amount of money due or owed to a Service Center by its external users. Internal users are billed for services immediately and revenue is recorded. There is no account receivable balance for internal users, however a monthly reconciliation must be performed to ensure all payments for services rendered are posted.

Detailed records must be maintained for all sales to external users via an Invoice Log. Records must include the collection of revenue along with any outstanding accounts receivable. Track external activity in an excel spreadsheet which satisfies the following informational requirements:

- € Total sales by internal and external user by invoice
- € Payment information – invoices sent and payment received
- € Aging of the outstanding accounts receivable

Follow-up efforts should be made after invoices are sent to ensure timely payment from external users. This can be accomplished through a variety of methods, therefore each Service Center must decide on their own process based on volume of follow-up and available resources. Document all collection efforts.

Outstanding receivables should be communicated to Service Center technical staff to ensure no additional goods and/or services are provided to the external user until payment is received on past due receivables.

Quantify write-off costs, if necessary, of uncollectible accounts.

4.3 Transfers of Funds & Inventory Accounts

It is not normally appropriate to transfer funds out of a service account into the University's general fund or other accounts. Transfers can only be made for the amount of accumulated depreciation or for the amounts charged to outside users in excess of the normal internal billing rates.

4.4 Inventory Accounts for Products Held for Sale

If a service center sells products and has a significant amount of stock on hand, inventory records must be maintained. A physical inventory should be taken at least annually at the end of the fiscal year and be reconciled to the inventory records. Inventory valuations may be based on any generally recognized inventory valuation method (e.g., first-in-first-out, last-in-last-out, average cost, etc.) The mark-up on inventory, if any, can only include operating costs. A profit margin cannot be included.

4.5 Service Centers Providing Multiple Services

Separate billing rates should be established for each service that represents a significant activity of the service center. Account codes specific to a recharge/service center rate should be established (if not

already active in Banner) in the University's accounting system to record the actual direct operating costs incurred for the service being provided. Journal entries completed to record internal and external revenue must include a standard description for each rate offered so that there is differentiation between rates. Please make this standard description informative enough so that the Office of Grants and Contracts Accounting can monitor revenue and expenditure activity within the FOAPAL.

The costs, revenues, surpluses and deficits should also be separatel

- Salaries (Exempt staff) & Fringe Benefits,
- Telecommunications/ISP Charges,
- Capital equipment depreciation (non-federally funded equipment only),
- Maintenance contracts and
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by the center, potential users within the University and new collaborations with external users can be used to estimate volume.

5.3 Service Centers Providing Multiple Services

Separate billing rates should be established for each service that represents a significant activity of the service center. Separate billing rates must be identified through a cost allocation process. The separate billing rates should be made on an equitable basis that reflects the relative benefits each activity receives from the cost.

5.4 Variable Billing Rates

All users within the University should normally be charged the same rates for a service center's services. If some users are not charged for the services or are charged at reduced rates, the full amount of the revenue related to their use of the services must be imputed in computing the service center's annual surplus or def39 Tw (mTw (f)1w (s)Tj22TJ0 -15s)TjtdaTh(s)JJ-0 th049nTjf Tw [r def8059 Tw (t)Tj0 Tw (o)

replacement reserve account is not sufficient to cover the cost of the new equipment, other (non-service center) funds must be used.

5.6 Services Provided to Outside Parties

If a service center provides services to individuals or organizations outside of the University, the billing rates charged to these users may be higher than those charged to internal users but not lower. Any

7.0 Service Center Agreements

Agreements between the service center and internal or external users should be documented to protect both parties. Documentation should include but are not limited to the scope of work, the dates the services will be performed, the payment source, and payment terms. For internal users, the [Memorandum of Understanding](#) should be completed; and for external users, the [Testing Services Agreement](#) should be completed. These agreements can be found on the OCGA website. All agreements should be kept in the service center.

8.0 Review of Rates

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A break even analysis is calculated using the following equation:

$$\text{Total Cost of Operating the Service Center} = \text{Sum of Rates} \times \text{Volume of Each Service}$$

For example, \$200,000 in total service center costs divided by 5,000 units will yield a rate of \$40 per measurable unit (hour, job, item, etc.).

Any deficit or surplus from the prior fiscal year should be incorporated into the rates. Service center profits from one service cannot be used to offset the loss of another; each service must stand alone. Furthermore, excess (accumulated) reserves cannot be used to purchase equipment, fund other service units within the recharge center operating at a loss or fund salary increases. The excess (accumulated) reserves should be used to adjust the rates.

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9.2 Department Chair, Dean of the College (or Equivalent)

The ultimate responsibility for the service centers rests with the Chair/Dean

- Statistical and other records related to the operations of the service center.