

Service and Facilities and Third-party Recharge Award Administration

Effective Date: January 12, 2017

Function: Cost Accounting

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Basis for Procedure

The financial activities of RF-administered service centers are maintained by establishing an S and F award. In some cases, a Third Party Recharge award will need to be established.

Procedure Summary

Provides guidance on administering Service and Facility (S and F) and Third Party Recharge awards

Service Center Awards

The award classifications are based upon the user of the service center:

- **Service and Facilities Awards:** Set up an S and F award when service center costs are incurred in support of a sponsored program or other internal activity. Costs associated with the use of the service center are charged back to the sponsored program award or other internal user. For detailed information, refer to How to Set up a Service and Facilities Award in this procedure
- **Third-party Recharge Awards:** Set up a Third Party Recharge award in addition to the S and F award when a third party requests use of a service center for its own purpose. These costs are charged back to the third party. For more information, refer to Third-party Recharge Awards in this procedure.

Service Center Rates

A rate for the use of the service center should be established. This rate is used for charging the costs back to the user of the service. Separate rates may be established for third-party users. Refer to the "Variable Billing Rates" section in the document the [Service Center Policy](#).

Service Center: Billing Rate Development Example

Example

This example shows how to develop a billing rate for a lab testing operation using direct operating costs.

Developing the Rate

The following table shows the components of the lab testing operation's billing rate:

Expenditures	
Description	Cost
Salaries and Wages, and Fringe Benefits	\$85,000.00
Supplies and Expenses	\$15,000.00
Equipment Depreciation*	\$60,000.00
Total	\$160,000.00
Number of Lab Tests	
Description	Use
Lab Tests	200
Rate	
Total cost (\$160,000.00)/Number of tests (200) = \$800/copy	

*The total equipment cost is \$300,000 and must be excluded from the depreciation calculation of the indirect (F&A) cost proposal. The equipment depreciation is based on a 5-year amortization schedule or equivalent annual rate (\$300,000/5=\$60,000).

Back to [Service Center Policy](#).

Overview of Service Center Award Administration

Service center award administration consists of the following activities:

- Establishing a service center rate.
- Establishing an S and F award, and Third-party Recharge awards, if necessary.
- Charging expenses of the service center.
- Charging (recharging) the user of the service.
- Invoicing the user of the service at the established rate.

What is a Service and Facilities Award?

The Research Foundation (RF) classifies service centers as S and F awards in the RF business system. These accounts will be classified by assigning an award purpose of "Service and Facility." A key principle for these awards is that only actual costs associated with the use of the service center are recovered. These costs may be supported from sponsored programs or third-party use.

How to Set Up a Service and Facilities Award

Actual expenses and recharges must be recorded separately in the S and F award. The method selected should allow for separation of actual charges and recharges. To accomplish this, S and F awards can be set up in one of the following ways:

1. one award funding two projects and two tasks (e.g. project 1/task 1 to collect actual expenses; project 2/task 2 to collect recharges using RCH expenditure types)
2. one award funding one project and two tasks, (e.g., project 1/task 1 to collect actual expenses; project 1/task 2 to collect recharges using RCH expenditure types), or
3. one project/task/award managed through the expenditure types (e.g. one project/task/award managed by using regular

expenditure types for the service center costs and RCH expenditure types for the recharges. The following outlines the award setup elements applicable to S and F awards:

Award Element	Description
Funding Source Name	Campus SF Accounts
Award Type	Non-Sponsored
Purpose	Service and Facility
Billing Distribution Rule	Event
Revenue Distribution Rule	Cost
Burden Schedule/Rate	TDC Zero/0.00
NACUBO	Valid for all NACUBO codes

Charging Expenses to the Service and Facility Award

Costs incurred for running the service center are recorded in the S and F award charging the appropriate project/task (e.g., salaries and supplies).

Charging Expenses to the User of the Service

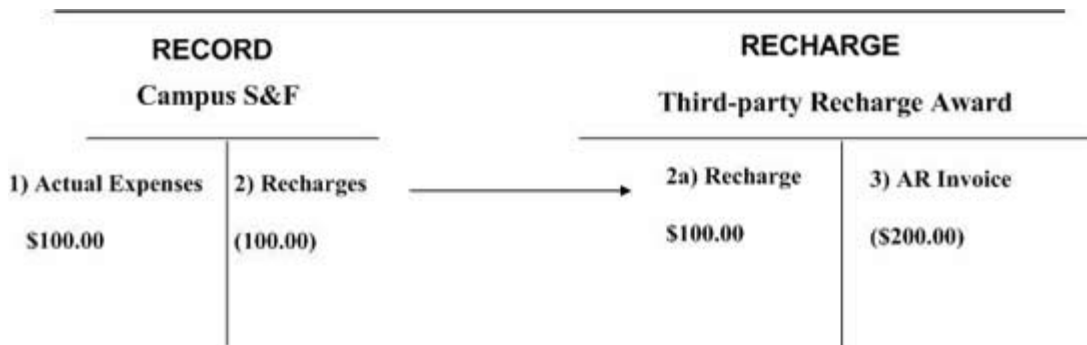
Expenses of the service center are charged back to the user of the service by producing a zero clearing invoice in accounts payable based on the rate established. A zero clearing invoice is created by processing an invoice with a positive charge to the sponsored program or third-party award and a negative charge to the appropriate project/task of the S and F award.

Recharge expenditure types have been established under the expenditure category of "Campus Services Recharges." These expenditure types (e.g., RCH Animal Care) should be used to record the charge on the sponsored program or third-party award when processing zero clearing invoices. For a complete list, review the expenditure types beginning with "RCH" in the document [Expenditure Type](#).

Billing the User of the Service

All invoicing and cash application takes place in the award established for the user of the service based on the sponsored program or third-party award agreement. Invoices should not be created on S and F awards and cash should not be applied.

Example of Recharge on a Sponsored Program Award



Monitoring Service Center Charges

Surpluses and deficits on S and F awards should be reviewed and appropriate action taken. Refer to [Service Center Policy](#) for more information.

Third-party Recharge Awards

What is a Third-party Recharge Award?

When a third party requests usage of a service center, an award must be established in the RF business system to record the activity of the third party. These "Third-party Recharge Awards" are classified using an award purpose and award type of "Third-party Recharges" and categorized as corporate activity for reporting purposes. Best business practices should be followed when allowing third parties to use service centers; agreement should be executed, an award/project/task must be established, and the cost of services must be invoiced.

How to Establish an Award for Third-party Usage

An individual award may be established for each third-party user of the service center or one award may be established to record multiple third-party recharge activity (composite award). For composite awards, manual invoices may need to be created.

The following outlines the award setup elements applicable to third-party recharge awards:

Award Element	Description
Funding Source Name	Name of third-party, or if establishing a composite award for multiple third-party activity, use "Multi Funding."
Award Type	Third Party Recharges
Award Purpose	Third Party Recharges
NACUBO	Valid for all NACUBO codes; however, it is recommended that the NACUBO code of General Institutional Support is used.
Burden Schedule/Rate	TDC Zero/0.00* *Recovery of Administrative Costs: To recover administrative costs, you may either: (a) establish an F and A rate on the third-party award and recover costs through the allocation process, or (b) establish a separate third-party "multi-funding" award using the same guidelines outlined in this section. Then, apply the administrative portion of the cash received to this award.
Billing Distribution Rule/Revenue Distribution Rule	Event/Event Note: For all third-party awards, when the "event" is entered for the invoice, an "event" for the revenue will automatically generate equal to the amount of the invoice.
Budget	Equal to the total amount in the agreement.

Example of Recharge on a Third Party Recharge Award

RECORD Campus S&F		RECHARGE Sponsored Award	
1) Actual Expenses \$100.00	2) Recharges (100.00)	2a) Recharge \$100.00	3) AR Invoice (100.00)

Rates for Third-party Users

Separate rates may be established for third-party users. Refer to the "Variable Billing Rates" section in the [Service Center Policy](#).

Third-party Award Surplus Balances

Surpluses on the third-party awards should be used in support of the service center. To accomplish this, you may either:

1. charge service center costs directly to the third-party award, or
2. record all service center costs in the S and F award; to do this, you must transfer the surplus balance via an AP zero clearing invoice to the S and F award using appropriate expenditure type under the expenditure category of "Campus Services Recharges." For a complete list, review the expenditure types beginning with "RCH" in the document [Expenditure Type](#).

Definitions

None.

Related Information

None.

Forms

None.

Change History

Date	Summary of Change
January 12, 2017	Updated procedure for new format. Also incorporated the Service Center Billing Rate document into this procedure.
August 29, 2017	Made minor wording changes and made reference to the new Service Center Policy
July 8, 2008	Revised "How to Establish an Award for Third party Usage" table
June 21, 2006	Added the "Background" and revised the following sections: "Service Center Awards," "Service Center Rates," and "Overview of Service Center Award Administration."

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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