

Accounting and Administrative Manual
Section 100: Accounting and Finance

Service / Recharge Centers

Date:



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No.: B-01

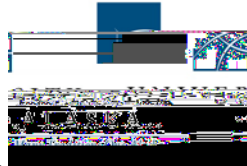
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Approvals:

All service centers, regardless of type, must be approved by the regional campus chief financial officer (CFO) and must submit updated pricing proposals to the CFO, or designee, for approval at least annually. The CFO may establish a service center committee to evaluate all requests for creation of service centers and service center pricing proposals. If established, the committee should, at a minimum, include the staff from the campus business or financial services office and the grants and contracts office.

Other Policy/Regulation:

Sales of goods and service to external parties are also subject to Board of Regents' policy (P05.15.06) on competition with the private sector and the University of Alaska Accounting and Administrative Manual procedure on unrelated business income taxes (pending issuance). Transactions or sales to for-profit entities and private individuals without university affiliation are generally not appropriate and require the advance approval of the regional campus CFO. When sales are made to private sec-(a)4(ppr)nrovalent5u an uni-1.15

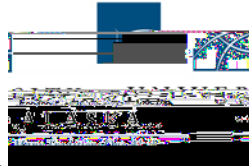


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funds are classified within the unrestricted fund group of accounts. Encumbrances roll forward as uncommitted encumbrances at the end of each fiscal year to the following



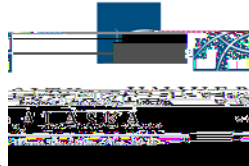
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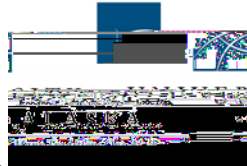
Recharge Centers with inventorial products or materials must complete a physical inventory of such products or materials at least annually at the end of the fiscal year.





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The entry to record the loss on disposal of the Recharge Center equipment is:

DR Recharge Center org – 8807 (Gain/loss on Disposal) – 17XXXX
CR Recharge Center org – 8807 (Gain/loss on Disposal) – 179XXX

5. Assume that the department has received approval to sell the equipment to an external party for a price equal to the remaining net book value. The department needs to complete the depreciation entry 3. Net remaining book value should be calculated after this entry.

The entry to record receipt of the cash from the external party:

DR 0140 – Campus Depository Fund
CR Recharge Center org – 9805 – 10XX10

6. Entry to move unrestricted general fund revenue equivalent to the equipment sale price to replenish the equipment reserve originally used to purchase the equipment that was sold:

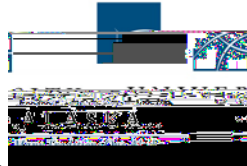
DR Recharge Center Org – 9904 – 10XX10
CR Recharge Center Org – 9904 – 179XXX

7. Assume that the department is selling the equipment for less than net book value. Entry 3 would need to be completed in order to calculate the net loss. The department would deposit the funds from the external party and record the deposit as shown in entry 5. Entry 6 would also need to be completed as shown to replenish the reserve. In addition, the department would need to record the loss as shown entry 4.

Assume the same situation except that the department is selling the equipment for more than net book value. The department would deposit the funds from the external party and record the deposit as shown in entry 5. Entry 6 would also need to be completed as shown. In addition, the department would need to record the gain on the sale.

The entry to record the gain on sale of recharge equipment:

DR Recharge Center Org – 8807 – 179XXX
CR Recharge Center Org – 8807 – 17XXXX



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If the sale was to another university department the entries would remain the same except instead of recording the cash deposit the transfer would need to be recorded by journal voucher.

8. Entry to record the sale and transfer of equipment to another university department:

DR Department Org – 5XXX – 10XX10
CR Recharge Center Org – 9904 or 9934 – 10XX10

9. Entry to transfer the actual salary and benefit costs to the Recharge Center account for employee time recorded through an approved work order system (when position is budgeted in the general fund and is not charged to the Recharge Center account by time sheet entry):

DR Recharge Center org - 8453 (Transfers Other) -17XXXX
CR Operating account org - 8453 (Transfers Other) -10XX10

10. Entry to record the charge to other departments at the billed recharge rate:

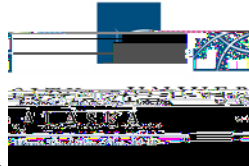
DR Departmental org - 3XXX - Various Funds
CR Recharge Center org - 99XX - 17XXXX

11. Entry to record the revenue from non-university sources at the billed recharge rate:

DR Cash - 10XX10
CR Recharge Center org - 9856 - 17XXXX

12. Entry to record subsidy of Recharge Center operations:

DR Operating account org - 8457 (Recharge Subsidy) -10XX10
CR Recharge Center org - 8457 (Recharge Subsidy) -17XXXX



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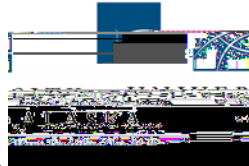
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Establishing Service Centers:

Establishing a service center, including a T&M Center, requires extensive documentation of the center's operating plans and pricing methodology. The request for creation of a service center must be prepared in accordance with the guidelines presented in this section and submitted to the regional campus CFO by the dean or director of the unit creating the center.

At a minimum, documentation for the operating plan shall include:

1. Service center questionnaire (see Attachment #1).
2. Proforma income statements for the service center or activity for each of the next three fiscal years. Include all Direct Costs of the service center operation and equipment depreciation based on the estimated original equipment cost over the useful life of the asset. If Departmental Indirect Costs are to be recovered in the fee or price charged for the goods or service provided, include such costs as expenses and provide documentation on how the amounts were determined.
3. A schedule of proposed rates and/or markup for services, goods, and/or materials provided by the service center and a calculation of projected income based on proposed rates and forecasted activity levels. If differential rates are charged to various users, include a schedule that identifies the classes of users, the volume of activity, and the basis for differential rates. All internal users (including faculty, students, sponsored projects, and other departments) must be charged at the same internal rates. Rates for external users will include a provision for Institutional Indirect Costs and may include margin or profit, if appropriate.
4. A schedule of equipment required by the service center for operation at the



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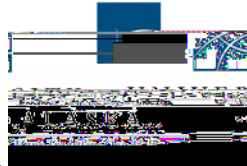
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Rate Change Proposals:

Annually, each service center must submit a proposal to establish rates for the following fiscal year. All rates must be documented, reviewed, and approved by the regional campus CFO. Proposals must be prepared in accordance with the guidelines presented in this section and submitted to the regional campus CFO by the dean or director of the unit maintaining the center. Proposals shall include:

1. Service center questionnaire (see Attachment #1).
2. A brief narrative explanation of the proposed rates and reason for any change from the prior period.
3. Income statement (at actual) for the last fiscal year and proforma annual income statements for the current and subsequent year.



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Documentation and Record Retention:

Service Centers have the responsibility for retaining work papers supporting rate calculations, pricing decisions, and documentation of rate approvals. These documents should be retained for a minimum of 10 years.

Billing and usage records should also be maintained to identify the service provided to each user and the total service provided by the service center. If service center personnel are charging time to multiple categories of service, effort reports should be maintained to document the allocation, even if these effort reports are also filed centrally. This documentation should be maintained for a minimum of three years, if duplicated



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Please complete a separate questionnaire and proposal for each service center or recharge activity. This questionnaire should be submitted to the regional campus chief financial officer with each request to establish a Service/Recharge Center or Time & Materials Center. In addition, an updated copy of the questionnaire should be submitted to the regional campus chief financial officer, or designee, with each annual rate proposal.

(See B-01 "Service / Recharge Centers" in Section 100 in the University of Alaska Accounting and Administrative Manual for guidelines on service/recharge centers and allowable costs)

Name of service/recharge center: _____

Service/recharge center org/fund number(s): _____

Individual to contact: _____

Work phone number: _____

Date questionnaire was completed: _____

Period for which rate is requested: _____

Estimated recoverable costs for the period: _____

Estimated revenue for the period: _____

Estimated amount charged to federal grants and contracts: _____

Rate(s) proposed: _____

I reviewed this questionnaire and proposal. I believe it fairly represents the activities of the respective service/recharge center and request authorization to implement these rates as proposed.

Dean/Director Certification _____

CFO (Chief Financial Officer) Approval: _____



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1. Provide a brief description of the recharge activity, including why it is needed, principal customers or beneficiaries, and anticipated activity levels (attach explanation).
 2. Provide a brief description of the service center's operating cycle or other period over which accumulated revenues are expected to be approximately equal to accumulated allowable costs including equipment use allowan

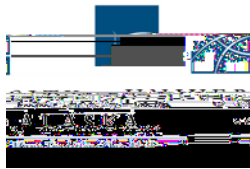
Attachment #1
Rate Proposal Questionnaire



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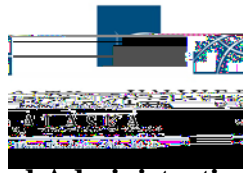
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University of Alaska
Sample Repair Shop Recharge Center
FY07 Rate Proposal
Proforma Income Statement And Rate Proposal

Org/Fund Number(s) 12345-17XXXX

	<u>Account</u>	<u>Actual</u> <u>FY05</u>	<u>Projected</u>	
			<u>FY06</u>	<u>FY07</u>
Revenue:				



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University of Alaska
Sample Repair Shop Recharge Center
FY07 Rate Proposal
Labor Cost Projection

<u>Name</u>	<u>Category</u>	<u>Leave Accrual Rate (1)</u>	<u>Benefits Accrual Rate (1)</u>	<u>Hourly Rate</u>	<u>Annual Hours</u>	<u>Projected Leave Usage</u>	<u>Non- Recharge Activities</u>	<u>Hours Net Of Leave (2)</u>	<u>Wages Charged</u>	<u>Leave Accrual</u>	<u>Staff Benefits</u>	<u>Projected Total Labor Costs</u>	<u>Billable Hours</u>
<u>FY05</u> Actual charges to 12345 – 17XXXX													
J. Smith	Classified							1,660					1,330
J. Anderson	APT							950					575
	Temp.							100					80
								<u>2,710</u>				<u>\$83,519</u>	<u>1,985</u>

FY06

Attachment #2
Example of Service Center Rate Proposal



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University of Alaska
Sample Repair Shop Recharge Center
FY07 Rate Proposal
Equipment Schedule

Org/fund Number(s) 12345-17XXXX