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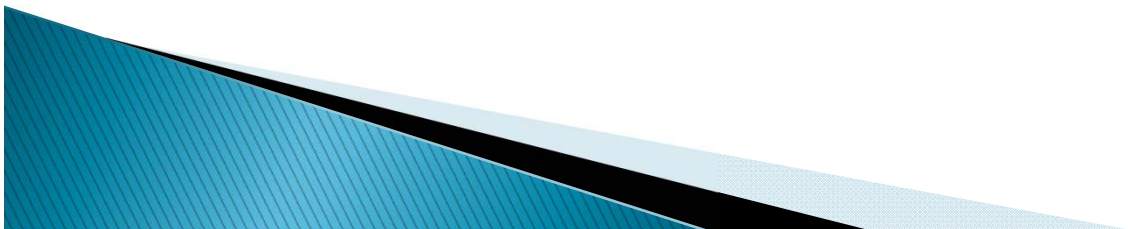
**June 2013 COGR Meeting Thursday Morning Presentation - Terry Johnson**

Author: Terry Johnson

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# University of Iowa

- ▶ Located in Iowa City, IA
- ▶ Annual Budget is \$3.5 billion
  - Includes UI Hospitals & Clinics and Practice Plans
- ▶ Student Enrollment 31,000+
  - > 50% of entering freshmen class are non-residents
- ▶ Annual Grants and Contracts ~\$400 million
  - 66% Federal of which 2/3 is from NIH
  - 50% of total is due to College of Medicine
- ▶ F&A Rate is 51% (FY 2013 is base year)



# University of Iowa Service Centers

- ▶ 115 Known Service Centers
  - 41 Specialized Service Facilities
  - 74 Departmental Recharge Centers
  - Add 1–5 new centers per year
  - Do not have NIH Core Facilities
- ▶ \$24 Million total Revenue
  - \$11.4 million Federal
  - \$9.6 million Interdepartmental
  - \$3 million External
- ▶ <http://fa.fo.uiowa.edu/service-center-policy>



# Categories

- ▶ Specialized Service Facilities (SSF's)
  - A-21 J47 definition “highly complex or specialized facilities”, or
  - Consistent annual Federal revenue >\$25,000
  - Centralized Research Facilities: Central Microscopy, High Resolution Mass Spectrometry, NMR Facility, Fermentation Facility, High Throughput Screening Facility
- ▶ Departmental Recharge
  - Sales typically within College/Department
  - Low dollar volume
  - Examples – copy centers, equipment center



# Accounting Guidelines

## Challenge – Identifying and tracking activity

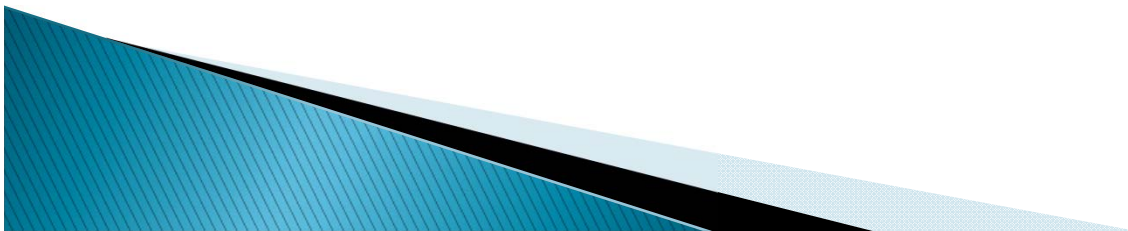
### Policy

- ▶ Easily identified in General Ledger
  - Created unique chartfield fund code for Service Centers
  - Each Center has a unique chartfield department code
  - Charges to federal awards posted to unique revenue code
  
- ▶ Subsidies must be identified
  - Using a unique Expense Transfer code
  - Center expenses paid from another fund but require use of assigned chartfield department code
  - Annually report subsidy amount(s) to Collegiate/VP unit Financial Officer



# Break Even

- ▶ Break-even operation
  - UI policy requires Life to Date Fund Balance to be within 10% of current year expenses
  - Only 5 centers are above this threshold



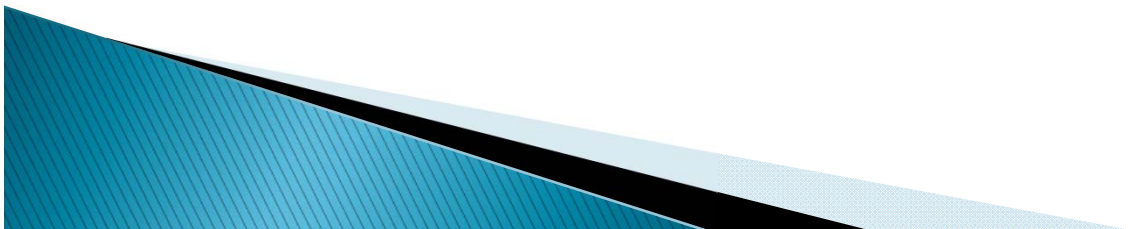
# Service Center Rates

- ▶ Rates must be calculated
  - Budgeted expense divided by budgeted units
  - Store operations often calculate a markup %
- ▶ Rates must tie to a rate list
- ▶ Certain costs should not be charged to center or included in rates
  - Capital purchases – acquisition cost
  - Similar to items that can't be charged to federal grants – advertising, fines, etc.



# External Rates

- ▶ Allow a “market” rate for external customers
  - ▶ What to do with the profit?
    - Transfer profit to plant fund reserve account for equipment purchases,
- OR
- Leave in Center operating account to keep rates lower for internal customers
- 
- Allow fund balance to exceed 10% limit if due to profit on external sales
  - Profit must be used for expenses of the Center





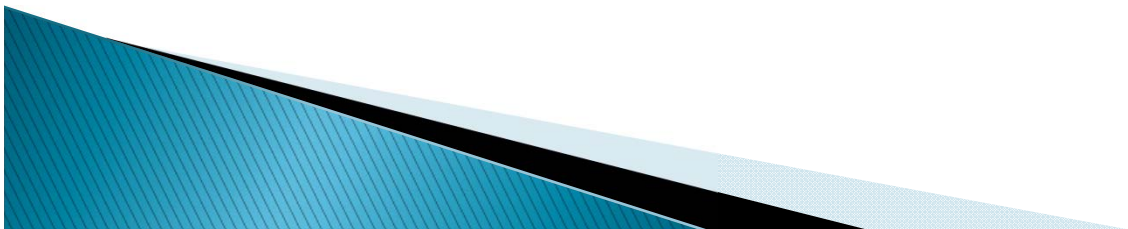
# Discounts

- ▶ Cannot discriminate against Federal grants
- ▶ Typically we will approve “after hours” and volume discount rates as not discriminatory if available to all investigators
- ▶ Free is a discount



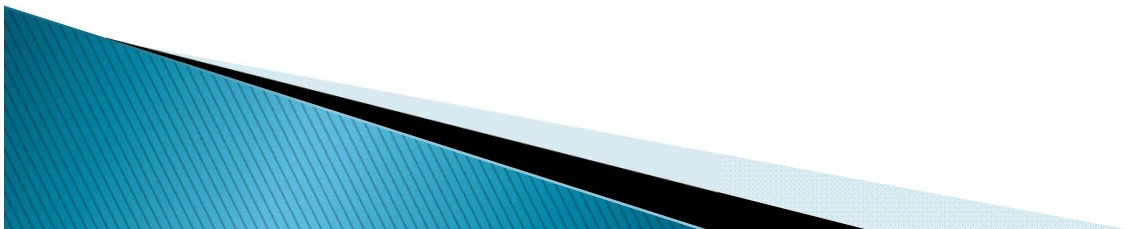
# Capital Equipment

- ▶ Capital Equipment purchases are not allowed in the operating account
- ▶ 27 Service Centers utilize Plant Fund Reserve Account funded through depreciation transfer
  - Controllers Office processes the entry monthly
  - Amount ties directly to Asset Management System
    - Exceptions
      - allow for under recovery
      - allow for retroactive entries
      - discourage turning the transfer “on” and “off”



# Review Process

- ▶ Controller's Office monitors Departmental Recharge Centers and SSF's
- ▶ Specialized Service Facilities
  - Tier I (> \$100k Federal Rev) – Annual
  - Tier II (\$10k – \$99k Federal Rev) – Every other year
  - Tier III (<\$10k) – Questionnaire
- ▶ Departmental Recharge Centers
  - >\$20k revenue – Questionnaire
  - <\$20k revenue – No Business Office review



# Review Process

Recently Completed fiscal year

- ▶ Income Statement, including ending Fund Balance
- ▶ Identify Subsidies
- ▶ Breakdown of billing to:
  - federal grants and contracts,
  - internal university customers, and,
  - external customers



# Review Process

Current fiscal year

- ▶ Rate list
- ▶ Rate Calculation
- ▶ Rate Discount Policy
- ▶ Confirm Unallowable costs were not included in rate calculation



# Future Improvements

## On-line Application

- ▶ Generates Financial Information
  - Service Center Administrator approves
- ▶ Stores Five years of information
- ▶ Flag unallowable expenditures

