June 2013 COGR Meeting Thursday Morning Presentation - 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](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