

ADMINISTRATIVE POLICY

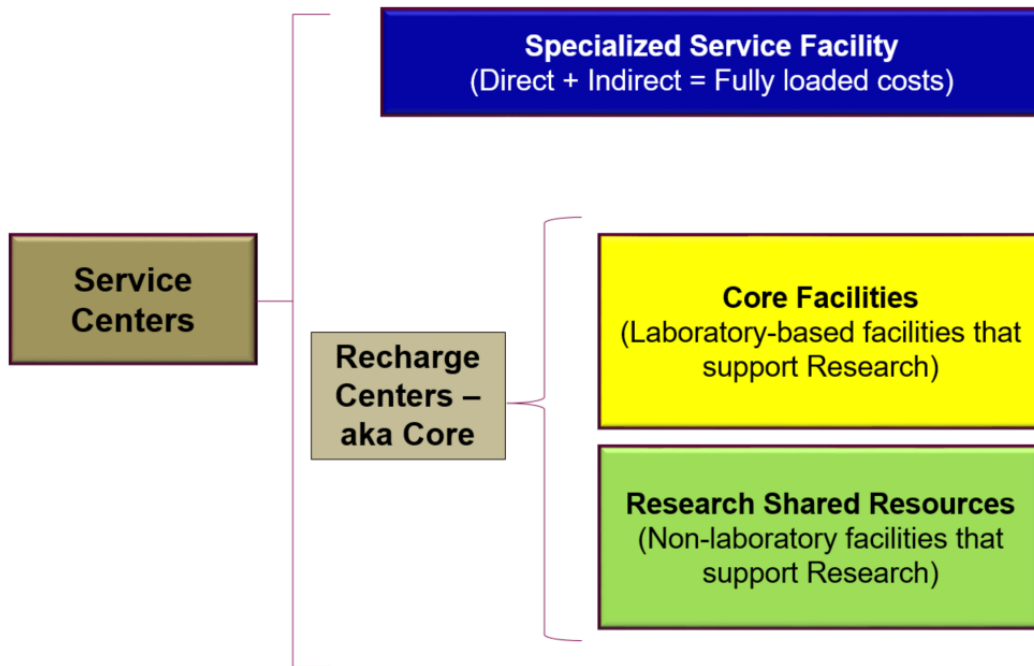
Service Center Policy

| | | |
|------------------------------------|---|-------------------------------------|
| Approval Authority: | Vice Chancellor for Administration Vice Provost for Research | Originally issued: July 1, 2008 |
| Responsible Administrators: | Director, Office of Contract & Grant Accounting | Current version effective as of: |
| Responsible Office: | Office of Contract & Grant Accounting | March 16, 2020 |
| Policy Contact: | Director, Office of Contract & Grant Accounting | |

POLICY STATEMENT/REASON FOR POLICY

Service Centers are units within Vanderbilt University that charge for goods or services that directly support the research or academic mission of the University and recover costs through charges to internal or external users. Access to instruments, technologies, services, and expertise are offered to help prevent needless duplication of scientific resources across all departments. Typically, the services provided should not be dedicated to the work of a single research group or department but should maintain equitable access to all investigators and be open for new business.

Service Centers are primarily laboratory-based **Core Facilities**, but research shared resources involving non-laboratory centers also exist. Currently, both Core Facilities and other research shared resources are collectively referred to as a **Core** at Vanderbilt but can also be referred to as Recharge Centers. Service Centers may also encompass Specialized Service Facilities where highly complex or specialized services are provided to a select group of users.



This policy establishes requirements for consistent financial and operational management of Vanderbilt's service centers to promote compliance with applicable Federal Regulations and Guidance including (but not limited to):

- a. 2 C.F.R. Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (hereinafter referred to the Uniform Guidance)
- b. NIH Grants Policy Statement
- c. FAQs for Costing of NIH-Funded Core Facilities

POLICY SCOPE

This policy applies to all areas within Vanderbilt University responsible for the operations, management, and oversight of service centers as defined in the DEFINITIONS section of this document. Roles and responsibilities for each area can be found in the Service Center Procedures (see link in the PROCEDURES section of this policy).

POLICY

A. Establishing a New Service Center

A service center must be established when a facility charges a fee for providing goods or services on an ongoing basis, where any portion of the customer base includes charges to a sponsored award. The facility should function as a stand-alone operation, with all activity being recorded in its specific project. When determining whether it is worthwhile to charge for providing goods or services, consideration should be given to the administrative burden of running a core facility vs. the anticipated cost recovery from the operation. If deemed worthwhile, the PI/Core Director would prepare the following documentation:

- I. VU Cores Standard Business Plan
- II. VU Cores Rate Workbook

Approvals will be required from the Department Chair/Head, School Dean/Vice Chancellor, the Office of Contract and Grant Accounting (OCGA), VUMC, and the Vice Provost for Research. See Service Center Procedures for specific steps.

B. Policy Requirements

- a. Service center costs charged directly to users are based on actual usage of the services and an approved schedule of rates that does not discriminate against federally supported activities of the institution.
- b. Rates charged for services are generally designed to recover the allowable cost of providing those services. Pricing is determined based on a rate designed to recover the full costs of the service that is then adjusted for federally funded support, unallowable costs, departmental direct support, scholarships and any necessary adjustments for surplus/deficit to break even over time. Any subsidies for internal users will be approved by the appropriate Dean or Vice Provost for Research. Notification of any approved subsidies will be given to OCGA along with a funding source to ensure proper accounting treatment and rate development.
- c. Service centers are expected to be revenue neutral. It is recognized that a variance (under or over recovery) may result in any given fiscal year, which from a general ledger/financial statement perspective, must be absorbed during that fiscal year by the financial unit/Dean in which the Core resides. Rates are reviewed on an annual basis and adjusted as needed to ensure that the federal government is not charged more than actual cost over a period of time or to help recover a deficit that occurred in a prior fiscal year. A Core's respective Business Unit is ultimately responsible for any excessive or recurring deficits and should monitor the financial activity of the Core on a regular basis. It is not appropriate to "bank" funds for expenses that may be incurred in future years. Rates charged for services cannot include any reserves.
- d. The service center operates as a separate, stand-alone entity, and the activity is separately budgeted and accounted for. The facility should also have dedicated space and personnel with offices and laboratories sufficient to provide the defined services.
- e. Service Centers must comply with all applicable federal regulatory documents as well as institutional policies and procedures. A link to procedures specific to service centers is provided in the Procedures section on page 6. Links to federal regulatory documents are provided in the Related Documents section on page 6.
- f. All required approvals will be obtained prior to the establishment of a new core, service line, subsidy or change in rate. Annual rate reviews also require central approval.
- g. External non-VUMC users will require a Research Core Agreement and related Addendum (if applicable) or Sponsored Research Agreement (depending on the risk involved) prior to usage of the Core Facility. See External Users section of the Service Center Procedures for additional information/requirements.
- h. All service center charges/invoices will be processed through the iLab Billing System and will be recorded in Oracle (general ledger, PPM and accounts receivable) as appropriate on a monthly basis.
- i. Service centers that accept credit cards from external users must comply with Vanderbilt's policy on PCI DSS Compliance.

DEFINITIONS

Service Centers - Units within Vanderbilt University that charge for goods or services that directly support the research or academic mission of the University and recover costs through charges to internal and external users. Vanderbilt University defines two types of service centers:

a. **Recharge Centers/Cores**

Cores are service centers with annual operating expenses of less than \$1,000,000 per year. The billing rates for these centers are based on their direct operating costs and do not include any F&A type costs other than equipment depreciation.

b. **Specialized Service Facilities**

Specialized Service Facilities are service centers with annual operating expenses of \$1,000,000 or more per year and provide highly complex or specialized services to a select group of users. The billing rates for these centers are based on their direct operating costs and an allocated portion of F&A costs.

Service Centers do not include Central Service Units or other operational activities, such as departmental copiers, where the charge is reasonable and merely to recover the cost of supplies.

Service Line – An individual service within a Service Center for which a specific rate is established. Service Centers may have multiple service lines and are identified in Oracle by task. See “Pricing of Multiple Service Lines” section within the procedures for appropriate costing of multiple service lines.

Central Service Units - Separate non-academic operating units that provide services to the entire University community but do not directly charge federal awards. Examples of central service units include Dining Services, Bookstore, Real Estate, etc. Central service units are not covered under this policy.

Subsidy – Financial support that is provided to a user by paying for a specified percentage of the rate for each usage of the Core. A subsidy can only be applied to internal VU users.

Departmental Support of Core Operation – While the goal of all service centers is to be self-sufficient, there are situations where the service center may need additional support. With approval from the appropriate Dean’s office providing the support, the Core can receive support in a couple of different ways:

- **Direct Charge Support** – Financial support that is provided by direct charge of actual core expenses to the appropriate departmental funding source. This support reduces the rate charged to all Internal, VUMC, External Colleague Fed (External Colleagues and Federal Grant Support) and VA (Veterans Affairs) funded users.
- **Cash Transfer** – Typically a cash transfer is used when a school chooses to fund a deficit on a Core.

Scholarship – A scholarship is a credit allocated to an eligible investigator for redemption in a specific core related to and limited by specific funding to that core. Commonly used by VUMC P30 funded centers to account for Federal grant support to cores. Funding to the core is required before a scholarship can be allocated, which is handled via a subcontract with VUMC.

StarBRITE Vouchers – Vouchers are awarded to individual investigators by the Vanderbilt Institute for Clinical and Translational Research (VICTR) for use of specific Cores and are non-transferrable.

Users – Purchasers of services can be internal or external to the University and are assigned the appropriate Pricing Group as follows:

| Pricing Group | Pricing Group Name | Description | Rate | Markup |
|-------------------|---------------------------------------|---|----------------|----------------|
| Internal | Internal | All VU Users | Internal Users | 0% |
| VUMC PI | VUMC Principle Investigator | All VUMC Users - Rate to Investigator | Internal Users | 0% |
| VUMC Invoice | VUMC Invoice | All VUMC Users - 10% added to total consolidated invoice and paid centrally within VUMC | Internal Users | 10% |
| Ext Colleague Fed | External Colleagues & Federal Support | Only applies to Fisk/Meharry/TSU and Support of Core from Federal Grant | Internal Users | 0% |
| External NFP | External Not-For-Profit | All external not-for-profit users (domestic or international) including academic and non-academic EXCEPT for Fisk/Meharry/TSU and Support of Core from Federal Grant | External Users | 10% |
| External FP | External For-Profit | All external for-profit users (domestic or international) | External Users | Minimum of 60% |
| VA | Veterans Affairs | Users with VA funding | Internal Users | 10% |

- Internal Users Rate = Total Cost to Provide Core Service adjusted as appropriate for Funding of Core from Scholarships, Federal Funding, Direct Charge Support of Core Operations, and any necessary surplus/deficit adjustments. If a subsidy exists, the internal user's rate will be split on the transaction and will charge the subsidy funding source and the user based on the appropriate subsidy percentage provided in the rate workbook.
- External Users Rate = Total Cost to Provide Core Service adjusted for Funding of Core from Scholarships, Federal Funding, and any necessary surplus/deficit adjustments. Subsidies cannot be applied to external users at the transaction level.

CONSEQUENCES OF NON-COMPLIANCE

Government could investigate false claims for failure to utilize the proper basis for setting and updating billing rate structure as required by law.

Non-compliance could harm the University's reputation and reflect negatively on future grant proposals.

Business Unit is responsible for any paybacks/fines/penalties assessed due to non-compliance.

Vice Provost for Research has the authority to temporarily or permanently shut down Service Center operation due to concerns of non-compliance.

PROCEDURES

Service Center Procedures are outlined <https://www.vanderbilt.edu/cores/cores-policies-administration.php>.

FREQUENTLY ASKED QUESTIONS

Service Center FAQs are outlined <https://www.vanderbilt.edu/cores/cores-policies-administration.php>.

ADDITIONAL CONTACTS

| Subject | Contact/Position | Office | Phone |
|------------------------------|---------------------------|---|----------------|
| VU Cores Oversight | Vice-Provost for Research | Office of Vice-Provost for Research (OVPR) | (615) 322-6155 |
| VU Cores Financial Oversight | Director | Office of Contract and Grants Accounting (OCGA) | (615) 343-1440 |
| Contract Administration | Contract Manager | Sponsored Projects Administration (SPA) | (615) 343-1374 |

RELATED POLICIES/DOCUMENTS

Federal Regulations and Guidance

2 C.F.R. Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (hereinafter referred to the Uniform Guidance)

https://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

NIH Grants Policy Statement

<https://grants.nih.gov/policy/nihgps/index.htm>

FAQs for Costing of NIH-Funded Core Facilities

https://grants.nih.gov/grants/policy/core_facilities_faqs.htm

Related VU Policies/Procedures

VU Service Center Procedure <https://www.vanderbilt.edu/cores/cores-policies-administration.php>

VU Service Center FAQs <https://www.vanderbilt.edu/cores/cores-policies-administration.php>

Flowchart for Establishing a New Service Center <https://www.vanderbilt.edu/cores/cores-policies-administration.php>

Retroactive Costing Policy Clarification for Cores <https://www.vanderbilt.edu/cores/cores-policies-administration.php>

Capitalization Policy https://finance.vanderbilt.edu/policies/Capitalization_Policy.pdf

VU PCI Compliance Resources <https://www4.vanderbilt.edu/pcicompliance/resources.php>

Forms

VU Cores Standard Business Plan – required for establishing a new Core

<https://www.vanderbilt.edu/cores/forms.php>

VU Cores Rate Workbook – required for establishing a new Core and annual updates

<https://www.vanderbilt.edu/cores/forms.php>

HISTORY

Issued: 07/01/2008
Amended: 03/16/2020

***Disclaimer:** The policies and procedures that guide employment practices are intended to assist in consistent administration and compliance. Vanderbilt reserves the right to modify its policies and practices, in whole or in part, at any time. Revisions to existing policies and procedures, and the development of new policies and procedures, will be made from time to time at the discretion of the University. When new policies are implemented or existing policies are revised, the University will notify members of the University community as soon as practicable. However, where differences occur, the most recent policy as reviewed and approved by the University will take precedence. The policies and procedures do not create a contract, implied or expressed, with at will employees at Vanderbilt.*