

**MEMORANDUM**

**TO:** Steve Holbrook  
 Department Head, Geosciences (0420)

**FROM:** Diana Y. Alexander *DYA*  
 Cost Accounting Manager (0312)

**DATE:** November 28, 2017

**SUBJECT:** Approved Rates for Laser Ablation ICPMS Laboratory

The rate structure below is approved for billing customers of the Laser Ablation ICPMS Laboratory service center **effective January 1, 2018**. All prior rates letters are hereby rescinded on that date. The rate structure has been developed using data from the University's fixed asset system and estimates provided by service center management.

Although university policy 3250 does not prescribe a specific billing frequency, billings should generally be processed on a monthly basis. This is especially critical for invoices charged to sponsored research projects which have definitive end dates, for which timeliness of billing is important and late charges could cause additional scrutiny from external reviewers. It is recommended that all service centers formalize a departmental procedure requiring billing within 30 days of month end to ensure timely and accurate recoveries and help prevent untimely charges being applied to sponsored projects.

The hourly rates are to be applied consistently, based on the customer category, as identified in the schedule below. Expenditure recoveries from billings to customers will be credited to the Operations and Maintenance fund, Equipment Replacement fund, and Market Rate Adjustment fund as listed. The rate elements have been rounded to the nearest dollar.

	Fund	Internal Assisted	External (Federal)	External (Non-Federal)
Operations & Maintenance	230130	134.00	134.00	134.00
Overhead	230130	-	82.00	82.00
Equipment Replacement	230130	-	-	34.00
Adjust to Market Rate				
<b>Total Approved Rates</b>		<b>134.00</b>	<b>216.00</b>	<b>250.00</b>

The **internal rate** is to be charged to all sponsored grants and contracts, as well as university research, departmental research and university instructional usage. Customers must submit purchase orders to the service center charging **account code 1244R** via Hokie Mart. Upon completion of the service, the service center shall post a recovery for services provided to internal customers by crediting **account code 12990** in Banner. Once the recovery has been posted to Banner, documentation supporting the recovery charge is to be posted to Scholar for review.

The **external rates** are to be charged to one-time, occasional, or infrequent users from outside the University, as well as faculty using the facility for consulting purposes. These transactions will be billed through the **University Bursar's Office in accordance with University Policy 3605 – Accounts Receivable**. Recoveries received from services to External Customers must be recorded in the service center funds using **account code 12997**.

The center's rate structure has been designed such that on an annual basis the recoveries should offset the expense of performing the services. **It is extremely important that all the costs of the operations of this service center be posted to the operating fund specifically identified for this service center.**

The validity of the rate structure will be severely impaired if tradeoffs are made between the users of the center and costs associated with the center's operation. For example, a customer paying a maintenance agreement, donating funds to purchase equipment or charging a technician's salary to its department in lieu of paying approved rates would exclude those costs from the cost base used to calculate the approved rate structure. This will cause large fluctuations in the rates, impair the university's ability to determine the total cost of the operation and undermine the reasonableness of the center's rate structure.

In order to properly account for the activity of the service center, **ALL** users must be charged the approved rates. The recoveries posted to the service center's funds and activity documented in the center's log will be subject to audit by both internal and external auditors to verify the reasonableness of established rates. Failure to properly post all recoveries to the appropriate service center funds will have an adverse impact on future rate revisions.

The log must clearly identify **ALL** the users of the service center. As a minimum it should contain the date, customer's name, customer category, assisted versus unassisted, number of days used and customer's fund to be charged (for internal customers). This documentation will be used in support of future rate revisions as well as customer billing. Copies of the past year's log must be provided to the Controller's Office during the annual review of the service center's rates.

Some service center rates contain depreciation on equipment funded by the State Council of Higher Education for Virginia (SCHEV) or other tax-exempt bond funded initiatives, such as Commonwealth Research Initiative (CRI). To preserve the tax-exempt status of the bonds, two criteria must be met with regards to the service center:

- (1) The equipment must be available on a first-come-first-serve basis, being equally open to everyone with a valid need.

"Equally open" also means there are limits on contracts that external users (the federal government, outside companies, etc.) can have for the usage of this equipment. Basically, "long-term" contracts are not allowed. This is defined as contracts that are 50 days in length or longer (either 50 days over a single year, or 50 days in combination over several years).

- (2) The equipment must be available to everyone on an equal-price basis. There cannot be multiple pricing schemes for various users.

This means that all external users must be charged the same price. However, internal (University) users charged the lower internal rate is an approved exception to the criteria.

Please be aware of the restrictions placed on the use of any SCHEV or CRI funded equipment, especially as it relates to your service center.

Thank you for contacting the Controller's Office for rate approval. If you should have any questions, please contact Dana Danis at 231-7939.

cc: Robert Bodnar, Geosciences (0420)  
Luca Fedele, Geosciences (0420)  
Jo Thomason, Geosciences (0420)  
Linda Bucy, Office of Sponsored Programs (0170)