

Research Service Centers

Version 1

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Category	Finance, Operations and Auxiliary Services
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Authority	Chancellor
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Contact	University Controller, Financial Services (252) 737-1133
Related Policies	
Additional References	Title 2 Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200) Research Service Centers Website (https://financialservices.ecu.edu/research-service-centers/) Research Service Center Standard Operating Procedures Manual (https://financialservices.ecu.edu/wp-content/pv-uploads/sites/86/2018/07/2003.900-Service-Center-Standard-Operating-Procedures-Manual.pdf)

1. Purpose

The purpose of this regulation is to provide a comprehensive reference for uniform interpretation of the conditions under which East Carolina University may establish a “research service center” (also referred to herein as “Service Centers”), develop user rate calculations, and ensure compliance with sound accounting principles and government regulations.

2. Definition

The characterization of a research service center is complex, technical and highly regulated. Specialized research facilities, animal research facilities, and other specialized technical facilities owned or leased by ECU and organized to provide specific goods and/or services to support internal users within the University are considered Service Centers by ECU if users of those services can be or are billed when those services are used by or on behalf of ECU to conduct research. Service Centers do not conduct research, but may provide goods or services to external users on a limited and incidental basis, subject to applicable law and University constraints including

but, not limited to, the Umstead Act and bond covenants limiting private use of facilities constructed with the proceeds of certain types of bonds. Subject to the referenced laws and constraints, Service Centers may be made available to users who need access to infrastructure, technologies, and services that are often beyond the technical or financial capability of individual investigators.

3. Establishing a New Service Center

Before a Service Center is established and prior to any commitment to bill or issuance of a bill for either use of a Service Center or receipt of goods or services it can offer, a written request to establish a Service Center is required demonstrating a valid need for such an operation. The Department of Financial Services shall review the request pursuant to the criteria provided in the Research Service Center Standard Operating Procedures Manual accompanying and authorized by this regulation.

4. Charges

Service centers charge the costs of goods and/or services directly to users based on (1) established billing rates, as reviewed and approved by Financial Services, and (2) the actual usage of the services. For internal customers, rates charged for a good or service are based on actual direct costs, are consistently applied, and do not discriminate as to the type of sponsored funding. Service centers must charge all users for services provided. A Service Center may establish tiered rates for customers external to the University; however, tiered charge rates must equal or exceed the total cost (direct & indirect costs) to provide the service. Financial Services will conduct a review of the Service Center rates annually for adjustment or sustainability.

Service centers may not establish fees or rates solely for generating discretionary departmental income. Service centers must recover costs on a breakeven basis while accounting separately for revenue generated by the Service Center and the costs to provide the goods and/or services. The academic home department administering the Service Center generally will attribute (transfer) relevant direct expenses (labor/supplies) to the Service Center to operate and administer the Service Center so that the true cost of operating the Service Center is stated and Service Center revenues are used to cover those costs. This process may free up home department budgeted funds for repurposing by the home department. If a Service Center charges sponsored projects or external federal users, the activity is subject to federal regulation as described in *Title 2 Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

5. Exclusions

This regulation does not apply to the following: auxiliary and business services, fundraising/advancement or development events, intercollegiate and non-intercollegiate athletic events, or entertainment events. None of these meets the definition of a Service Center as defined in section 2 of this regulation. Financial Services may authorize other exclusions.

This regulation does not apply to the process for setting student tuition and fees, continuing education non-credit course fees, or long-term and short-term lease or rental fees. Although a clinical trial does not mandate creation of a Service Center, if services provided by a Service Center are billed to a clinical trial, the billing should be consistent with rates established under this regulation.

6. Standard Operating Procedures Manual

The Associate Vice Chancellor for Financial Services is authorized to issue standard operating procedures in the form of a Research Service Center Standard Operating Procedures Manual, which shall be available to those responsible for new and existing Service Centers. The manual includes topics such as establishing a new Service Center, federal compliance regulation, business plans, roles and responsibilities, rate setting and utilization, allowable and unallowable costs, billing and accounting best practices, operating reserve balances, record retention, and ECU contacts.

7. Roles and Responsibilities

7.1. Service Center Departmental Administrator. This title, with its related responsibility, is assigned by the Department Chair of the unit with responsibility for a Service Center and should be part of the description of the duties assigned to the relevant employee, and carries with it at least the following responsibilities:

7.1.1. Contact Financial Services for initiating development of a Service Center. Submit request to establish a fund to account for the revenues and expenditures of the Service Center.

7.1.2. Meet with Financial Services for assistance with user rate development and subsequent review and approval on a routine basis and thereafter, at least annually, and any time a material event occurs that will create a material deficit or surplus in funds expended on behalf of or generated by the Service Center.

7.1.3. Use the Research Service Center Standard Operating Procedures Manual for the fiscal operations and compliance with sound accounting principles and governmental regulations.

7.2. Department Chair and Dean or Associate Dean, and Vice Chancellor or Associate Vice Chancellor

7.2.1. The initiation of a new Service Center by a faculty member requires appropriate approval in accordance with the unit's hierarchy. Approval of the unit's supervising Vice Chancellor or, if delegated by the Vice Chancellor, an Associate Vice Chancellor is required prior to submission to Financial Services of an initial request for Service Center designation.

7.2.2. Designation of each Service Center must be renewed annually through an application process. This requires annual review and approval from Financial Services. Prior to submission to Financial Services, Department Chairs and Deans or Associate Deans must review and approve new rates and any rate changes.

7.3. Financial Services Cost Analyst

7.3.1. Provide oversight of existing Service Centers regarding rate calculations and financial operations related to providing goods and/or services to users.

7.3.2. Review and, if the application meets applicable standards, approve all requests to establish new Service Centers.

7.3.3. Maintain an inventory of services and rates for each Service Center.

7.3.4. Review and approve rate forms submitted by Service Centers, confirming compliance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

8. Audit

The records, operations, rates, and practices of all Service Centers shall be subject to audit by the federal government, external auditors, and the University internal auditors.

9. Records Retention

Service centers must retain complete records related to and supporting rate calculations, rate approvals, expenditures, and billing invoices. The period for which record retention is required is controlled by the life of each federal award charged for Service Center goods and/or services, not the date of the transaction with the Service Center. Service Center charges are subject to audit as long as the grants or contracts that they charge remain subject to audit requirements. Service Centers are also subject to periodic review by the University's Office of Internal Audit and Management Advisory Services, NC State Auditor's Office, and federal auditors.

Service centers charging federal awards are also subject to the record retention policies under Code of Federal Regulations *Title 2, Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, §200.333.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a

federal award must be retained for a period of at least three (3) years from the date of submission of the final expenditure report, or financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient.

East Carolina University

E 5th Street | Greenville, NC 27858 (<https://www.google.com/maps/place/East+Carolina+University>) | 252-328-6131 (tel: +12523286131)
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