

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Procurement
AREA: On-Campus Purchases

Policy: 04.03.01

SUBJECT: Service Center Requisitions

I. PURPOSE AND SCOPE

The purpose of this policy is to prescribe the appropriate means for university departments to acquire goods or services from service centers and auxiliary enterprises within the University of Houston.

When goods or services are acquired internally from departments that are not service centers or auxiliary enterprises, the Expenditure Reallocation or Correction form is used (MAPP 5.02.03).

This policy applies to non-cash transactions between university departments and auxiliary or service center accounts, with restrictions on fund sources as prescribed. Cash transactions are covered under separate MAPPs.

II. POLICY STATEMENT

University of Houston administration provides for the internal acquisition of goods or services. The acquisition process should provide timely delivery of goods or services at a reasonable cost and a means for acquiring unique goods or services not readily available from external vendors.

When a university department obtains goods or services from a service center or an auxiliary enterprise of the university, the transaction must be recorded through the use of a Service Center Requisition (SCR) form. Use of this form will credit the service provider's account and will charge the procuring department's account. This is a non-cash process.

Service Center Requisitions (SCRs) must conform to this policy and the companion procedures; those not meeting the prescribed standards will not be processed.

III. DEFINITIONS

- A. Auxiliary enterprise: An entity which furnishes goods or services primarily to students, faculty, and/or staff; which charges a fee that is directly related (although not necessarily equal) to the cost of the goods or services delivered, and which is managed as a self-supporting entity. The general public may incidentally be served by some auxiliary enterprises. Examples include residence halls, food

services, student stores, student unions, vending machines, and intercollegiate athletics (Procedure Addendum B). At the University of Houston, auxiliary enterprises are set up in ledger 3.

Auxiliary enterprises are related to the educational objectives of the university and contribute significantly to the achievement of those objectives. The specific functions performed by each auxiliary enterprise are determined by the university administration.

- B. Service centers (recharge centers, service departments): Service centers are units which provide goods or services that may or may not be purchased from commercial sources but are more economically and conveniently provided, and can better be controlled, by the institution. Service centers provide goods and services to university departments, rather than individuals, and are supported by recovering their expenses through charges to the departmental operating accounts. Examples are repair shops, glass-blowing shops, mailing services, printing shops, supply stores, and audiovisual services (Procedure Addendum C). A service center should serve a large segment of the university community. At the University of Houston, service centers are set up in designated, ledger 2, accounts.

Rates charged by a service center should reflect all operating costs, including wages, benefits, cost of materials and supplies, cost of physical facilities, depreciation, and a share of general and administrative expense. While service centers may be subsidized in their operations by authorized university allocations, they may not make a profit or generate a surplus balance.

IV. TYPES OF TRANSACTIONS ALLOWED

- A. Service Center Requisitions (SCRs) may be used only when actual goods or services are procured from approved service or auxiliary units. SCRs may not be used for procurement from any other university units or as an expenditure reallocation or transfer mechanism. Those transactions must be processed using an Expenditure Reallocation or Correction (ERC) form (MAPP 5.02.03).
- B. Auxiliary units cannot accept SCR transactions from state-appropriated (ledger 1) funds; local funds (ledger 2, 3, 4, or 5) must be used. Service centers, however, may accept ledger 1 funds, as well as local funds.

V. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice President, Finance

Review: Every three years, on or before September 1

VI. APPROVAL

Randy J. Harris

Vice President for Administration and Finance

Arthur K. Smith

President

Date of President's Approval: February 6, 1998

VII. REFERENCES

- MAPP Procedure 4.03.01
- MAPP Policy/ Procedure 5.02.03 (Expenditure Reallocations/ Corrections)
- MAPP 3.03.01 - Service Centers (Recharge Centers)
- Index Terms:
 - Internal purchases
 - Recharge centers
 - Service center requisitions
 - Service centers
 - Service departments
 - Auxiliary enterprises