

SAP 21.01.01.T0.01 Recovery of E&G Administrative Costs Associated with Management of Auxiliary Enterprises



Effective: February 22, 2008
Revised: February 22, 2016
Next Scheduled Review: February 22, 2021

Procedure Statement

The purpose of this regulation is to (a) identify financial accounting and reporting requirements as prescribed by state law; (b) provide a general description of required accounting standards; (c) define the type and frequency of mandatory financial reports; and (d) prescribe the responsibilities for administration of the financial accounting and reporting function within the Texas A&M University System.

Reason for Procedure

The purpose of this Standard Administrative Procedure (SAP) is to define the process used to recover E & G administrative costs associated with the management of auxiliary enterprises.

Procedures and Responsibilities

1. GENERAL

- 1.1. The President of Tarleton State University (Tarleton) authorizes the Vice President for Finance & Administration to assess management fees to Auxiliary and Service Department accounts in an amount sufficient to recover E & G administrative costs associated with the indirect management and associated business activities of University Auxiliary Enterprises and Service Department functions.
- 1.2. The management fee will be calculated for each department during the annual budget development process as a percentage of gross revenues. This percentage will be assessed at a range between 3 and 5 percent. Gross revenues are defined as the total actual departmental revenues for the previous completed fiscal year (September 1 through August 31). Exceptions may be granted to the percentage charged for new auxiliary facilities/operations.

1.3. A review of total dollars assessed will be completed each fiscal year, which will document that sufficient funds are being captured to substantiate sufficient recovery of E & G costs. This will be determined in a two-fold manner:

- 1.3.1. Calculating the percentage of Auxiliary budgeted expenses less E & G expenditures paid from an account entitled Auxiliary Enterprise Support Services to the overall university expenditure budget.
- 1.3.2. Or, taking that percentage and multiplying it by the total budgeted expenses of the administrative functions that involve oversight and/or interaction with Auxiliary departments. This comparison will be used as an indicator to show if the percentages used to calculate the management fees are sufficient to cover the identified proportional cost.

Related Statutes, Policies, or Requirements

System Policy [21.01 Financial Policies, Systems and Procedures](#)
System Regulation [21.01.01 Financial Accounting and Reporting](#)
System Regulation [21.01.05 Service Departments](#)

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