

	<p><b>University of Central Florida</b> <b>Office of Research &amp; Commercialization</b> <b>Procedures Document</b></p> <p><b>Allocation and Distribution of Facilities and Administrative Costs</b></p>
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Purpose of Procedure:	Provide monthly and yearly processes related to the allocation and distribution of facilities and administrative costs
Who Processes:	ORC Finance and UCF F&A
How Often:	Month-end, Beginning of Fiscal Year
Date:	Last update:11/13/2015
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### Overview

Facilities and administrative (F&A) costs is an expense charged to sponsored projects to recover indirect costs associated with the conduct of those project such as facilities, utilities, library, research administration, human resources, payroll, etc. The expense is charged to sponsored projects at predetermined rates depending on location and type of activity. As expenses are incurred on sponsored projects, F&A costs are also charged to the award at the rate agreed upon per individual award. The charged F&A is then held centrally in the UCF Finance and Accounting Unit awaiting monthly ledger closing. The Office of Research & Commercialization (ORC) tracks the F&A expense earned for each award.

### Key Decisions

- Annual verification with management of the allocation percentages to the Colleges/Units where F&A is earned and ORC.
- Verify strategic initiatives to be included as off-the-top deductions and review with management
- Verify with management the continuation of 3% University Resource Fee

## Allocation and Distribution of Facilities and Administrative Costs

### Procedures

#### Annually:

- The Associate Vice President for Research & Commercialization will review with management the allocation percentages and methodology for the distribution of F&A earned. This will be based upon management's overall objective for allocation of F&A. Present distribution is 55% to ORC and 45% to the colleges/units (less 3% University Resource Fee) after deductions for strategic initiatives are taken.
- ORC Finance Unit will review with the AVP for Research & Commercialization the strategic initiatives deductions for the upcoming fiscal year. The present strategic initiatives deductions include the upcoming years' rent and CAM expense for the ORC portion of the leased University Tower building. This information is obtained through the Office of the Provost. Additionally, the debt service on the Burnett bonds is also included in the strategic initiatives deduction. The information on the debt service is acquired from the Associate VP for Debt Management.
- ORC Finance will provide the ORC Research Information System (RIS) group with the strategic initiatives deductions to be used in the calculation of the two-year rolling average report available in AURORA. RIS will enter the data and post the two-year rolling average report. This information is then fed into the overhead expense allocation report as a fixed amount of overhead allocated to each unit on a monthly basis.
- ORC Finance will communicate with each unit receiving an overhead allocation the amount and methodology for the distribution at the beginning of each fiscal year.

#### Monthly:

- RIS will extract the F&A costs charged to sponsored projects and publish in the overhead earned and distributed report.