

Guidelines for Establishment of Organized Research Unit (ORU) or Significant Project (SP) Designation (Effective 11/1/14)

The objective of these guidelines is to provide the institutional standard for determining when administrative and/or clerical costs are charged to federally sponsored agreements. The procedures described below establish the methodology that will be used by the Office of Research Administration (ORA) and Sponsored Programs Accounting & Compliance (SPAC) to make a determination of the allowability of administrative and/or clerical costs to federally sponsored awards. Generally, these types of charges are considered Facility and Administrative (F&A) costs and should not be charged directly to sponsored awards. However, the federal guidelines offer some flexibility if the expense meets the guidelines outlined in the Uniform Guidance (section 200.413).

In order to ensure compliance with the federal regulations, the final determination on the allowability of these types of charges will be made centrally by ORA and SPAC after review of the justification submitted by the administrating department as part of the proposal process, or a subsequent rebudget request. If granted, approval will be noted in the financial system so that after-the-fact compliance reports can be generated. These guidelines are intended to aid departments in determining when administrative costs may be direct charged to a federal award.

In order to make the management of these costs less burdensome, two designations have been developed. One designation will indicate that a specific project can charge these expenses and the other will indicate that the project is administered in a unit where these types of charges would be generally allowable and therefore subject to a less intensive proposal-by-proposal review. Projects that receive the designation of "Significant Project" (SP) or units that receive the designation of "Organized Research Unit" (ORU) will be permitted to charge administrative costs. These units would still be responsible for following federal regulations and UMD policies.

In both cases, direct charging of administrative costs will be appropriate only if all of the following federally mandated conditions are met: (1) administrative or clerical services are integral to a project or program; (2) individuals or administrative costs can be specifically identified with the project or program; (3) administrative costs are explicitly included in the budget and justified in the budget narrative or have the prior written approval of the Federal awarding agency; and (4) the costs are not also recovered as F&A costs.

I. Significant Project

- a. **Definition:** Significant Projects are awards which require an extensive amount of administrative or clerical support that is considerably greater than the routine level of such services provided by a department, institute, or center. Determination of what constitutes a Significant Project will be conducted on an award-by-award basis.
- b. **Examples:** This list is not intended to be exhaustive or to indicate the only examples that will be considered. The examples of a Significant Project listed below are intended to help determine when it may be appropriate to charge administrative costs to an award.
 - i. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies);
 - ii. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars;
 - iii. Projects whose principle focus is the preparation and production of manuals, large reports, books and monographs (excluding routine progress and technical reports).
 - iv. Projects which are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research field sites that are remote from campus; and/or

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- v. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation, management of multiple human or animal protocols across several researchers, and/or multiple project-related investigator coordination and communications.

II. Organized Research Unit

- a. **Definition:** An Organized Research Unit (ORU) is a large, complex program—such as an engineering research center, clinical research center, or other program—that manages large teams of investigators and/or service providers. The designation as an ORU will allow such units to bypass the award-by-award approval process for charging administrative expenses. While this designation is normally reserved for research groups, there may also be units that provide services under our land-grant mission who may qualify for this designation.
- b. **Characteristics:** This list is not intended to be exhaustive or to indicate the only criteria that will be considered. The characteristics of an ORU below are intended to help determine when it may be appropriate to apply for the designation. An ORU should/may have one or more of the following characteristics:
 - i. Expected to be supported largely by external funding and not exert significant claims on State or UMD resources;
 - ii. Likely to have been initially established as a result of federal funding with the goal of obtaining alternative funding sources;
 - iii. May be located off campus;
 - iv. Does not generally offer courses or oversee degree programs; and/or
 - v. May report to a Dean's office or other central division, such as the VPR or Provost, but will typically not report to a department chair or director.

Approval Process – Requests must be made using the Organized Research Unit or Significant Project Designation Request Form (ORU/SP Request Form)

For both ORUs and SPs, administrative costs must be explicitly included in the budget and justified in the budget narrative, or have the prior written approval of the Federal awarding agency. In addition, if the department plans to cost-share the administrative costs, this same process should be followed.

Significant Project:

If the proposal Questionnaire in the Kuali Research system indicates that **administrative support costs** are included in the budget (either the requested amount from the sponsor or in UM provided cost-share) and/or the proposal budget includes administrative support costs, the PI/department representative must complete the ORU/SP Request Form, and have it endorsed by the Chair/Director and College Dean or Division head. The form must be submitted to ORA either prior to or in conjunction with the proposal routing for final determination by ORA and SPAC. The form requires a justification for the Significant Project designation. Approved SPs will be flagged accordingly in Kuali Research and the UMD financial system. Units are primarily responsible for following federal regulations, UMD policies, and the award terms and conditions to ensure that administrative costs are allowable. SPAC will provide oversight by periodically generating and reviewing reports to ensure compliance with award terms and federal regulations.

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Organized Research Unit:

To apply for an ORU designation, the unit representative must complete the ORU/SP Request Form, and have it endorsed by the Chair/Director and College Dean or Division head, and forward to the Director of ORA. The form requires an explanation of the purpose of the ORU, a summary of its finances, including major funding sources, and the justification for the designation. The justification should include a brief description of the mission, goals and objectives of the ORU, its major area of research or services, and how it meets the characteristics described in Part II above.

The final review and approval for the ORU will be made by the VPR or their designee and flagged accordingly in Quali Research and the UMD financial system. Approved ORUs will periodically be reviewed to ensure continued compliance.

Successful requests will receive the designation as an Organized Research Unit. Subsequent proposals submitted by the ORU must indicate in the proposal Questionnaire in Quali Research that it is an ORU and the budget includes administrative support costs. This indicator will permit these units to charge administrative support costs.

It will remain the responsibility of the ORU and the Significant Project administering unit (the unit financially responsible for the project) to ensure compliance with all UMD policies and federal regulations. Any disallowances of costs resulting from audits will be the responsibility of the administering unit.