

**University of California, Berkeley**  
**Effective Date: June 1, 2025**

## **Disposition of Unexpended Balances on Fixed Price Contracts & Nonrefundable Grants**

Responsible Executive: Assistant Vice Chancellor and Controller

Responsible Office: Contracts and Grants Accounting

Contact: Director, Contracts and Grants Accounting

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A fixed price award, which is usually a contract but may also be a non-refundable grant, is an agreement in which a sponsor agrees to pay UCB a predetermined price for accomplishing the agreed-upon work, regardless of the actual cost to complete the work and provide the final deliverable(s). If costs incurred doing the work do not fully expend the awarded amount, the Principal Investigator (PI) may request from CGA that the unexpended balance, less applicable indirect costs, be converted to unrestricted funds, provided that no designation was made by the sponsor as to the disposition of the unexpended balance. Costs that exceed the award amount become the responsibility of the PI.

### **Responsibilities**

#### **Industry Alliance Office (IAO) and Sponsored Projects Office (SPO)**

During award setup, IAO or SPO will indicate in the Comments and Special Terms section of the Notice of Award that any unexpended balances remaining at the expiration of the award will be subject to the procedures listed in this document.

#### **Principal Investigator (PI)**

- Complete work required under the award, submit all required programmatic reports and deliverables.
- Submit a request, with the appropriate assurances as outlined in this document, that the unexpended balance, less applicable indirect costs, be converted into unrestricted funds.

## **Research Administrators**

- Review expenses and post them to the General Ledger in a timely manner.
- Prepare project for closeout within 90 days of expiration of the award.
- Establish a central fund within each School/College where the remaining balances will be transferred for access by the PI.

## **Contracts and Grants Accounting**

- Reconcile indirect costs.
- Confirm all invoices submitted and all anticipated payments received.
- Determine if an unexpended balance exists at close-out.
- When funds are available and a request to transfer a balance is reviewed and approved, allocate the available direct cost balance to the central fund within the School/College and the indirect cost balance to the central campus indirect cost pool.

## **Procedure**

When a fixed-price award has an unexpended balance, UCB makes the remaining balance attributable to budgeted direct costs available to the PI by transferring it to an unrestricted fund provided by the School/College.

## **Eligibility Criteria**

All the below criteria must be met for the direct cost portion of the fixed-price award unexpended balance to be eligible for transfer to an unrestricted department research account:

- All work required under the award must be completed, and all required programmatic and administrative deliverables must be sent to the sponsor.
- The PI must certify that all expenses charged to the award were consistent with UC/UCB policy, and award terms and conditions. Specifically, all expenses to carry out the work were appropriately incurred, timely recorded to the correct account, reconciled in a timely fashion, and reasonable (meaning that a prudent person would come to the same decision regarding the price paid and the funding source charged under the same circumstances and involving the same facts);
- Financial closeout must be completed, and this is accomplished jointly by the administering unit and the Contracts and Grants Accounting Office.

**The closeout and distribution of any unexpended funds will be governed as follows:**

Within 90 to 120 days after the expiration of a fixed-price award, the department/unit administering the award completes the Fixed-Price Award Closeout Form and e-mails it to the appropriate analyst in the Contracts and Grants Accounting (CGA) Office. The form must be signed by the PI.

In cases where the total unexpended balance is greater than \$50,000 or greater than 25% of the total amount received from the sponsor, the PI must include a written explanation for the balance and endorsement of the Department Chair or Organized Research Unit Director.

If a fixed-price award has more than one PI (e.g., a lead PI and multiple Co-PIs), it is the responsibility of the PIs to determine how the unexpended balance will be distributed amongst them.

Additional expenditures or adjustments should cease on the original grant fund before submitting a closeout and request.

CGA will review the award and the form and allocate the available balance to direct and indirect costs based on the applicable indirect cost rate in effect for the award. The resulting indirect costs will be transferred to the campus indirect cost pool. Small balances under \$500 remaining for more than 18 months from the award end date will be de-obligated if a fixed price closeout form is not submitted to CGA on time.

All contracts and grants are subject to external and internal audits. If charges have been inappropriately recorded, corrections and adjustments will be made.

## **Related Documents**

- [2 CFR § 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#)
- [University of California Contract and Grant Manual](#)
- [Campus Deliverables](#)
- [BFB-A-47 Direct Costing Procedures](#)
- [Evaluating Risks at the Proposal Stage](#)
- [Award Closeout Procedures](#)