

University of California, Berkeley
Effective Date: July 1, 2014

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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With fixed price contracts and nonrefundable grants, it is expected that the scope of work will be met by the Principal Investigator (PI) for the amount awarded in the contract or grant; therefore, indirect costs should be assessed on the total awarded amount of the contract or grant. If costs incurred doing the work do not fully expend the awarded amount, the 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.

The PI request must include a written assurance that all work under the award has been completed, all reports submitted to the sponsor, all costs of conducting the work appropriately charged to the fund established for the award, all invoices submitted and all anticipated payments received; and written endorsement of the Department Chair or Organized Research Unit Director. If the unexpended balance is more than \$50,000 and greater than 25% of the total received from the sponsor, the PI must also provide a written explanation of the variance in addition to the above documentation.

Indirect costs on funds that remain unspent after the close-out of fixed price contract or nonrefundable grant will be retained by the campus and used at the Chancellor's discretion to support educational and research programs. The indirect costs will be calculated based on the applicable indirect cost rate in effect for the award.

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

Responsibilities

Industry Alliances Office (IAO)/Sponsored Projects Office (SPO)

- IAO or SPO will indicate on 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.

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Principal Investigator (PI)

- Submit 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

- Establish a central fund within each School/College where the remaining balances will be transferred for access by the PI.

Contracts and Grants Accounting

- At close-out, determine if an unexpended balance remains on a fixed price nonrefundable grant. If an unexpended balance exists, coordinate with the research administrator for the award to ascertain what the PI would like to do with the unexpended balance.
- When remaining balances are determined to be eligible to be converted into unrestricted funds, and requests for transfer of those balances are approved, allocate the available balance to direct and indirect costs.
- Confer with the appropriate campus officials about resolution of any concerns about a request for transfer.
- Transfer the direct cost balance to central fund within each School/College and transfer the indirect cost balance to the central campus indirect cost pool.

Deans/Chairs/Directors

- Provide a written endorsement, if appropriate, to transfer the remaining balance to unrestricted funds.
- Ensure units' compliance with this document. Follow up on non-compliance issues and impose consequences, if necessary.

Executive Vice Chancellor and Provost and Vice Chancellors

- Ensure campus wide compliance with this document. Follow up on non-compliance issues and impose consequences, if necessary.

Procedures

When there is an unexpended balance remaining after close-out of an expired fixed price contract or nonrefundable grant, the Principal Investigator (PI) may request, with appropriate assurance and approvals as outlined below, that the unexpended balance be transferred to an unrestricted fund, provided that no designation was made by the sponsor as to the use of the unexpended balance. Applicable indirect costs will be applied to the unexpended balance and the remaining monies converted to unrestricted funds to be made available to the PI.

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

1. When fixed price contracts or nonrefundable grants are accepted, the Industry Alliances Office or the Sponsored Projects Office, as appropriate, will indicate on the Notice of Award whether any unexpended balances remaining at the expiration of the award will be subject to the procedures listed in this document.

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2. During close-out (usually within 90 days of expiration of the award), Contracts and Grants Accounting (CGA) will determine if an unexpended balance remains on a fixed price contract or nonrefundable grant. If there is an unexpended balance, CGA will confer with research administrator working with the PI to initiate the transfer process.
3. If an unexpended balance exists after review and close-out, the PI can request that these monies (less applicable indirect costs) be converted to unrestricted funds, provided that no designation was made by the sponsor as to the use of the unexpended balance.
 - a. In cases where the remaining unexpended balance is less than \$50,000 and less than 25% of the total amount received from the sponsor, the PI's request to transfer the balance to unrestricted funds must include the following: written assurance that all work under the award has been completed, all reports submitted to the sponsor, all costs of conducting the work appropriately charged to the fund established for the award, and all invoices submitted and all anticipated payments received.
 - b. In cases where the unexpended balance is more than \$50,000 and greater than 25% of the total received from the sponsor, the PI must also provide a written explanation of the variance and endorsement of the Department Chair or Organized Research Unit Director in addition to the documentation required above.
4. When unexpended balances are determined to be eligible to be converted into unrestricted funds, and requests for transfer of those balances are approved, CGA will 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. The remaining available direct cost balance will be transferred to a central fund established for this purpose within each School/College for access by the PI. If there are concerns about a request for transfer, the CGA Director will confer with the appropriate campus officials about resolution.
5. 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

- [Office of Management and Budget Circular A-21, "Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Educational Institutions"](#)
- [University of California Contract and Grant Manual](#)
- [University Direct Costing Procedures A-47](#)
- [Award Closeout Procedures](#)