

Appropriations for Award Payment Bases

Effective Date of Procedure: 2/01/2021

Last Updated: 3/02/2021

Purpose

This procedure describes how appropriations are processed to the general ledger based on the payment bases for sponsored research awards. The payment basis determines how UCLA will earn and record revenue. The three payment bases are Cost Reimbursement, Firm Fixed-Price, and Firm Fixed-Rate.

Definitions

Cost-Reimbursement: Payment is based on actual costs incurred. Revenue is earned when allowable and applicable costs are incurred up to the total approved budget. Unspent cash balances must be returned to the sponsor.

Firm Fixed Price: Payment is based on a fixed specified amount, regardless of costs incurred. Revenue is earned in accordance with the payment schedule or as milestones are completed. Unspent cash balances can be retained by the University in accordance with UCLA Policy 913.

Firm Fixed Rate: Payment is based on a fixed rate applied to number of units performed. An example of this type of project is a clinical trial where funding is based on the number of patients participating in the trial and payment is received incrementally. Unspent cash balances can be retained by the University in accordance with UCLA Policy 913.

Process

OCGA

1. At the time of award execution, OCGA completes the Award Data Coding Sheet (ADCS) and indicates the payment basis and budget amount for the award. Awards with multiple payment bases will have the budget for each payment basis on the ADCS.

ORDM

1. ORDM posts the appropriation to the general ledger for the awarded amount indicated in the ADCS.
2. If the budget is cost reimbursement or firm fixed price, the appropriation is posted to the general ledger for the awarded amount.
3. If the budget is firm fixed rate, the quantity of the units to be complete for the project is unknown at the time of award execution. Although the sponsors provide an awarded amount “not to exceed”, the PI may not be able to enroll the maximum number of subjects as originally planned. Based on this, the appropriation will **not** be posted to the general ledger by ORDM.
4. If the budget has multiple payment bases, a separate expense account and cost center will be designated for each payment basis and the appropriation will follow the steps above.

Appropriations for Award Payment Bases

Pg. 2 of 2

EFM

1. When the financial deliverable is due, EFM prepares it, working with the department as needed, to submit it to the sponsor except for industry sponsored clinical trials.
2. For Industry Sponsored Clinical Trials, departments invoice the sponsor and EFM will appropriate budget to the general ledger as payments are received.
3. The fund can be closed when the final financial deliverable is completed, all allowable and applicable expenses are recorded to the ledger, and payments have been received.
4. For cost reimbursement awards, EFM will return unspent cash balances to the sponsor.
5. For fixed rate or fixed price awards, EFM will transfer unspent cash balances per PI's request in accordance with UCLA's Policy 913.

References

UCLA Policy 913: Disposition of Unexpended Balances in Fixed Rate and Fixed Price Contracts and Nonrefundable Grants
