

# **Keck School of Medicine**

## **Procedure to Request for Unobligated Balance Transfer on Fixed Price Contracts**

### **Introduction**

The University and the Keck School of Medicine (KSOM) acknowledge that there may be occasions in which the performance of a Fixed Price Contract has unexpended funds remaining after the specific aims of the project have been accomplished and that further research can be undertaken with the residual funds. The Keck School endeavors to accommodate this situation by approving the transfer of unobligated balances under certain terms and conditions. This policy and its procedures are provided to facilitate the unobligated balance transfer request, assure that other sponsored projects did not support the contract thereby resulting in the unobligated balance, and meet internal control processes.

### **Definitions**

The Federal Acquisition Regulations (FAR) specifies that a fixed-price contract is an agreement that “*provides for a price that is not subject to any adjustment on the basis of the contractor’s cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon the contracting parties.*”

Unexpended funds (unobligated balances or profits) occur on Fixed Price Contracts when the actual costs to conduct the research project are less than the amount received from the sponsor.

### **Scope**

This policy applies to all KSOM principal investigators of Fixed Priced Contracts.

### **Policy**

The net direct costs remaining after a minimum amount of indirect costs have been earned on the unexpended balance from a sponsor of a fixed price contract may be used for future research expenses via transfer to established gift or unrestricted accounts or by establishing a new account for this balance. In order to utilize the unexpended balances, the following criteria should be met:

- All sponsor payments have been received by USC
- All project expenses have been paid and encumbrances released
- The sponsor's payments have covered KSOM costs (i.e., any donated effort or other cost shares have been reimbursed)
- The sponsor does not require that any unexpended balances be returned to them
- The sponsor verifies that the project has been completed; all milestones achieved and the closeout process completed (e.g., Case Report Forms submitted and all queries resolved, etc.)

### **Procedure**

Principal Investigators make requests for transfer of unobligated balances using the *USC Request for Unobligated Balance Transfer Form*. The completed *Form* is submitted to the KSOM Research Administration Office (NRT2517J) for review. Approval of the request will be based on a determination that the Fixed Price Contract Account has been completely funded, all encumbrances on the Account released, any cost sharing has been reimbursed, and that a minimum of 35% indirect cost will be earned at the time of transfer.

If the request for unobligated transfer is for greater than 25% of the final award amount, an explanation should accompany the request form. The explanation should include the internal cost basis for the proposal and a certification from the PI that no other sponsored projects contributed effort or project expenses to support the fixed-price contract resulting in the large unobligated balance.

If the request is approved, the signed *Request for Unobligated Balance Transfer Form* will be forwarded to the Department of Contracts and Grants to verify with the sponsor that unexpended balances may be retained and not returned, and that all milestones have been achieved and closeout is completed. The *Form* is then sent to Sponsored Projects Accounting where the transfer is processed.

If the request is denied, the PI will be notified along with a brief explanation for the denial. For questions regarding this policy, please contact Janet Stoeckert, Director of Research Administration at (323) 442-3568 or [janet.stoeckert@usc.edu](mailto:janet.stoeckert@usc.edu).