

## Appropriations for Award Payment Bases

Pg. 1 of 2

---

**Effective Date of Procedure:** 2/01/2021

**Last Updated:** 8/26/2022

---

### 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 and an award can have one or any combination of these three payment bases.

---

### 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

---

#### ORDM

1. The payment basis is noted on the Award Snapshot Section III: Award Demographics and is reflected for each award sequence for the respective transaction budget period. (See Appendix A)
2. ORDM posts the appropriation to the general ledger for the awarded amount indicated in the Award Snapshot.
3. If the budget is cost reimbursement or firm fixed price, the appropriation is posted to the general ledger for the awarded amount.
4. 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.
5. If the budget has multiple payment bases, a separate expense account and cost center provided by the Department will be designated for each payment basis and the appropriation will follow the steps above.

**Department**

1. For multiple payment bases, Departments should inform the EFM accountant of the corresponding payment basis associated for each account/cost center. EFM annotates this information in the PAMS Notes for the fund.

**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, expenses in the general ledger agrees to the final expenditures reported to the sponsor, payments have been received, and there is no outstanding encumbrance.
4. For cost reimbursement awards, EFM will return unspent cash balance, if any, to the sponsor.
5. For fixed rate or fixed price awards, EFM will transfer unspent cash balance 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

**Appendices**

Appendix A – Award Snapshot

**Section III: Award Demographics**

<b>Sponsor Award Number:</b>	5R21AG055879-02	<b>UCLA PATS Number:</b>	20174579
<b>Proposal Type:</b>	Resubmission - New	<b>Award Type:</b>	Grant
<b>Program Type:</b>	Clinical Research	<b>Special Program Type:</b>	Not applicable
<b>Award Status:</b>	Awarded/Fully Executed	<b>Location:</b>	On Site
<b>Special Payment Type:</b>	None		

‡ COVID-19 Consequences

Budget Period	Transaction Budget Period	Direct Costs	F&A Costs	Total	F&A Rate	F&A Base	Payment Basis	Award Status	Action Type
1	07/01/2018 - 03/31/2019	\$150,000	\$84,000	\$234,000	56.0 %	MTDC	Cost Reimb	Awarded/Fully Executed	New
2	04/01/2019 - 03/31/2020	\$125,000	\$70,000	\$195,000	56.0 %	MTDC	Cost Reimb	Awarded/Fully Executed	Continuation
2	04/01/2020 - 03/31/2021	\$0	\$0	\$0	56.0 %	MTDC	Cost Reimb	Awarded/Fully Executed	No Cost Extension
2 ‡	04/01/2021 - 03/31/2022	\$0	\$0	\$0	56.0 %	MTDC	Cost Reimb	Awarded/Fully Executed	No Cost Extension