



## **CONTRACT AND GRANT MANUAL**

### **Chapter 2 -- Proposal Submission and Award Acceptance/Administration**

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[\[Return to Contract & Grant Manual Contents\]](#)

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#### *Table of Contents*

2-100 [INTRODUCTION](#)

2-110 [SCOPE](#)

2-120 [APPLICABILITY](#)

2-130 [ACADEMIC POLICY - UNIVERSITY REGULATION NO. 4](#)

2-200 [SOLICITATION AUTHORITY](#)

2-210 [WHO MAY SUBMIT PROPOSALS](#)

2-300 [RESPONSIBILITIES AND DUTIES](#)

2-400 [TYPES OF PROPOSALS](#)

2-410 [USING PROCUREMENT CONTRACTS AND GRANT AND COOPERATIVE AGREEMENTS - PUBLIC LAW 97-258 AND 31 USC 6301](#)

2-420 [COMPETITION IN CONTRACTING ACT OF 1984 AND AMENDMENTS TO THE SMALL BUSINESS ACT](#)

2-430 [MULTIPLE SUBMISSIONS](#)

2-440 [TYPES OF SPONSORS](#)

2-500 [PROPOSAL REVIEW](#)

2-510 [SPECIAL REVIEWS OR COORDINATION](#)

2-511 [Use of Words in Proposed Titles Designated for ORUs](#)

2-512 [Non-State-Funded Minor or Temporary Facility Construction](#)

[2-513 Citizenship Restrictions](#)

[2-514 Export Controls](#)

[2-520 BUDGET PREPARATION](#)

[2-521 General Considerations](#)

[2-522 Salaries, Wages, and Fringe Benefits](#)

[2-523 Consultants](#)

[2-524 Travel](#)

[2-525 Services, Supplies, and Miscellaneous Budget Items](#)

[2-526 Equipment](#)

[2-527 Major Construction or Modification of a University Facility – Amendments to the Capital Improvement Program](#)

[2-528 Forecasting Increases or Decreases](#)

[2-529 Documenting Estimates](#)

[2-530 AWARD TERMS AND CONDITIONS ANNOUNCED WITH THE RFP](#)

[2-540 PROPRIETARY DATA](#)

[2-550 ASSURANCES, REPRESENTATIONS, AND CERTIFICATIONS](#)

[2-551 Compliance with Applicable Laws and Regulations](#)

[2-552 Cost or Pricing Data](#)

[2-560 MULTIPLE UC CAMPUS PROJECTS](#)

[2-570 APPROVALS](#)

[2-580 ADDITIONAL REVIEW/REPORTING REQUIREMENTS](#)

[2-581 Corporate Contract and Grant Information Requirements](#)

[2-582 Disclosure of Financial Interest in Private Sponsors of Research and other Conflict of Interest Policies](#)

[2-583 Regental Approval](#)

[2-584 State Clearinghouse Procedures](#)

[2-600 AWARD ACCEPTANCE AND ADMINISTRATION](#)

[2-610 AUTHORITY TO ACCEPT AWARDS](#)

[2-611 Acknowledgment of Grants from Private Sponsors](#)

[2-620 RESPONSIBILITY FOR ADMINISTERING AN AWARD](#)

[2-630 TERMS AND CONDITIONS OF AWARDS](#)

[2-631 Governing Law](#)

[2-632 Awards to Individuals](#)

[2-633 Reporting Requirements](#)

[2-634 Insurance, Patents, and Data Rights](#)

[2-635 Research Based on Reasonable Efforts](#)

[2-636 Termination](#)

[2-637 Citizenship Restrictions, Export Controls and Other Awards Terms and Conditions](#)

[2-640 REVIEW OF ROUTINE AGREEMENTS AND THE ROLE OF THE GENERAL COUNSEL'S OFFICE](#)

[2-650 DISCLOSURE OF FINANCIAL INTEREST IN PRIVATE SPONSORS OF RESEARCH - FORM 700-U  
AND OTHER CONFLICT OF INTEREST POLICIES](#)

[2-660 CORPORATE CONTRACT AND GRANT INFORMATION REQUIREMENTS](#)

[2-670 PRIOR APPROVAL REQUIREMENTS](#)

[2-680 AMENDMENTS, MODIFICATIONS, AND CONTINUATIONS](#)

[2-700 AWARD TERMINATION/EXPIRATION/CLOSEOUT](#)

[2-710 FINAL FINANCIAL REPORT, CONTRACTOR'S RELEASE, REFUNDS, AND CLAIMS](#)

[2-720 FINAL TECHNICAL REPORT AND OTHER DELIVERABLES](#)

[2-730 FINAL INVENTORY REPORT AND TITLE TO PROPERTY](#)

[2-740 PATENT AND INVENTION REPORT](#)

[2-750 COST-SHARING REPORT](#)

[2-760 TRANSFER OF THE PRINCIPAL INVESTIGATOR](#)

[2-770 TERMINATION OF SUBAWARDS](#)

**[2-999 RELATED UNIVERSITY REFERENCES](#)**

**EXTERNAL REQUIREMENTS--FEDERAL**

[2-F01 The Competition in Contracting Act of 1984, Public Law 98-369; Amendments to Small Business Act, Public Law 98-72](#)

[2-F02 Public Law 97-258 and 31 United States Code 6301 - Using Procurement Contracts and Grant and Cooperative Agreements](#)

[2-F03 Executive Order 12372 - Intergovernmental Review of Federal Programs and the Catalog of Federal Domestic Assistance](#)

[2-F04 Uniform Administrative Requirements Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations. Office of Management and Budget Circular No. A-110 - 215.51 Monitoring and Reporting Program Performance.](#)

[2-F05 Title 2 CFR Part 215 - Office of Management and Budget Circular No. A-110 - 215.71 Closeout Procedures](#)

[2-F06 Title 2 CFR Part 215 - Office of Management and Budget Circular No. A-110 - 215.13 Debarment and Suspension, and 215.61 Termination](#)

[2-F07 Title 2 CFR Part 215 - Office of Management and Budget Circular No. A-110 - 215.12 Forms for Applying for Federal Assistance](#)

[2-F08 Office of Management and Budget Circular No. A-102 - Uniform Administrative Requirements for Grants-In-Aid to State and Local Governments.](#)

[2-F09 FAR 15.403 – Obtaining Cost or Pricing Data; DFARS 215.403-1 - Prohibition on Obtaining Cost or Pricing Data](#)

[2-F10 Federal Laws and Regulations Applicable to Federally-Sponsored Research Grants and Cooperative Agreements](#)

**EXTERNAL REQUIREMENTS--STATE**

[2-S01 State of California Political Reform Act of 1974: 2010 Version](#)

## 2-100 INTRODUCTION

The University encourages a broad spectrum of research and creative activity of the highest possible quality, from basic to applied, across the full range of academic disciplines. “The University's commitment stems from its obligation to advance knowledge, to educate both undergraduate and graduate students, and to serve the economic and cultural needs of society.” ([Faculty Handbook](#))

In furtherance of these goals, eligible University faculty and other approved University personnel may submit proposals to sponsors for support. Sponsors can be external organizations such as federal, state, local, foreign, and other government entities, private industry, foundations, educational institutions, and charitable organizations. In addition, the University itself acts as a sponsor in its capacity as administrator of intra-University programs under its auspices which award funds on a competitive basis to projects for research, training, or public service.

### 2-110 SCOPE

This *Manual* Chapter discusses the administration of proposals and awards for support of research, scholarly or professional training, or public service programs. (See [Section 2-210](#) on Who May Submit Proposals and [Chapter 1-500](#), Principal Investigator Policy.) The purpose of this Chapter is to outline overall University policies upon which local contract and grant (or sponsored projects) administrative procedures for proposal/award administration are based throughout the University, including individual campuses, the Office of the President (OP), Division of Agriculture and Natural Resources (DANR) and Lawrence Berkeley National Laboratory (LBNL). The procedures required by each location are described in its respective contract and grant administration handbook. Since every sponsor has its own guidelines or regulations and these are always subject to change, individual sponsor requirements are not covered in this Chapter. Sponsor requirements must be reviewed in relation to the University policies outlined in this *Contract and Grant Manual*.

### 2-120 APPLICABILITY

The policies outlined in this Chapter apply to the submission of proposals and acceptance and administration of awards from extramural sponsors for research, scholarly and professional training or public service programs related to research or to scholarly or professional training in any University organizational unit where such activity occurs. In addition, they should be used as a guide for intra-University programs as intra-University program terms should be consistent with the policies in this *Manual*.

Prior to submission or acceptance, all proposals and awards for either extramural or intramural support must be reviewed and approved by the campus [or Laboratory] Contract and Grant or Sponsored Projects Office or other formally designated office for consistency with campus [or Laboratory] and University-wide policies and procedures. This does not apply to: construction grants and contracts to the extent that such awards are subject to the policies and procedures of the University [Facilities Manual](#); work-study programs or awards for student aid grants, scholarships, or loans which are within the scope of campus and Office of the President Student Financial Support Offices; or agreements which establish or modify programs with the Education Abroad Program. Policies relating to the solicitation and acceptance of private funded gifts and endowments are covered in the [Development Policy and Administration Manual](#) and summarized in [Chapter 9](#) of this *Manual*.

## 2-130 ACADEMIC POLICY - UNIVERSITY REGULATION NO. 4

University Regulation No. 4, set forth in APM 020, states the general policy of the University concerning professional or scholarly services to external individuals or organizations including business, industry, governments, or other educational institutions. This Policy describes, in part, the types of such services which the University considers appropriate for its faculty to undertake. "Routine tests of a commonplace type" are specifically proscribed. The full text of APM 020 can be found in Chapter 1, Sections [1-320](#) and [1-330](#), of this *Manual* and in the *Academic Personnel Manual* [Section APM 020](#), *Special Services to Individuals and Organizations*.

## 2-200 SOLICITATION AUTHORITY

"The Regents of the University of California" is the name of the corporation established under the Constitution of the State of California and charged with administering the University as a public trust. The governing body of the Corporation is known as The Board of Regents. No solicitation or application for extramural support of research, training, or public service programs shall be made officially in the name of The Regents without the prior approval of The Regents or of an authorized official of the University. This authorization is by formal delegation of contract and grant authority.

[Standing Order 100.4\(dd\)](#) authorizes the President of the University to solicit and accept or execute such proposals and awards, with stated exceptions. The President has redelegated this authority to the Provost and Executive Vice President, Vice President – Division of Agriculture and Natural Resources (DANR), the Director of Federal Governmental Relations, Chancellors, and the Lawrence Berkeley National Laboratory (LBNL) Director who have, in turn, re-delegated their authority, with varying levels and limitations, to the appropriate Vice Chancellors, Deans, Directors, and Contract and Grant Officers. For a discussion of the legal authorities related to the solicitation of proposals, see [Chapter 13](#) of this Manual.

## 2-210 WHO MAY SUBMIT PROPOSALS

The Principal Investigator policy, which describes who is eligible to submit proposals, is outlined in Chapter [1-500](#) of this *Manual*. It is also reprinted in the [Faculty Handbook](#). Members of the Academic Senate and appointees in other eligible title groups listed in the policy may submit proposals. With the approval of a Chancellor, Vice President, or the Dean of University Extension, University personnel with other faculty and staff titles not listed may submit proposals, subject to certain conditions. (See Chapter [1-530](#).)

## 2-300 RESPONSIBILITIES AND DUTIES

Chapter 10, Sections [10-310 through 10-350](#), of this *Manual* describe the responsibilities and duties of Contract and Grant Officers, Principal Investigators, Deans, Provosts, Department Chairs, Organized Research Unit Directors, and other administrators of contract and grant related services in relation to the submission of proposals and acceptance of extramural awards.

## 2-400 TYPES OF PROPOSALS

There are basically two types of proposals: solicited and unsolicited. Their formats differ according to the type of sponsor, the purpose of the award, and the type of award instrument.

A solicited proposal responds to a specific formal sponsor solicitation. A proposal is considered unsolicited when it is submitted in conformance with the sponsor's general guidelines or general invitation to submit unsolicited proposals, but not in response to a project-specific sponsor solicitation. This distinction is important for federal awards in the context of the Competition in Contracting Act as described below in Sections 2-420 and 2-F01.

The format and the content of a solicited proposal are influenced by the type of award instrument which the sponsor plans to use. The type of award instrument is, in turn, based on a number of factors including the benefit or service which the sponsor expects to receive and the relationship which the sponsor plans to have with the project. Described below in [Section 2-410](#) are the federal definitions of the three basic types of award instruments: grants, contracts, and cooperative agreements.

Technically speaking, in the federal system, a Request for Applications (RFA) is issued for grant awards, and a Request for Proposals (RFP), an Invitation for Bid (IFB), a Request for Quotations (RFQ) or Broad Agency Announcement (BAA) generally result in contracts. However, this strict use of these terms is generally made only by federal agencies. It is not uncommon to find other sponsors using the term, "Request for Proposals," when the award instrument is a grant.

[Chapter 19](#) of this *Manual*, "Research Funding Systems," discusses in more detail types of award instruments and their relationship to the sponsor and the work to be done.

#### *2-410 USING PROCUREMENT CONTRACTS AND GRANT AND COOPERATIVE AGREEMENTS - PUBLIC LAW 97-258 AND [31 USC 6301](#)*

The section of Public Law 97-258 entitled "Using Procurement Contracts and Grant and Cooperative Agreements" describes the circumstances under which the federal government should use a contract, grant, or cooperative agreement. (See 2-F02.) This section is a revision of the Federal Grant and Cooperative Agreement Act of 1978 which was repealed and recodified in Public Law 97-258 and [31 United States Code \(USC\) 6301](#). According to the [Code](#), a contract should be used when:

- (1) the principal purpose of the instrument is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; or
- (2) the agency decides in a specific instance that the use of a procurement contract is appropriate.

Most contracts are issued on either a fixed price or a cost reimbursement basis. In a firm fixed price contract, the contractor agrees to supply the deliverables at specified times for a fixed price agreed upon at the time of the award. In cost reimbursement contracts with universities, the contractor generally receives the actual costs incurred in the performance of the contract up to a specified maximum amount.

[31 USC 6304](#) states that a grant shall be used when:

- (1) the principal purpose of the relationship is to transfer a thing of value to the State or local government or other recipient to carry out a public purpose of support or stimulation authorized by a law...and
- (2) substantial involvement is not expected between the [agency and recipient]...

The [Code](#) states that a cooperative agreement shall be used for the same purpose as a grant except that substantial involvement is anticipated between the sponsor and the recipient.

## 2-420 *COMPETITION IN CONTRACTING ACT OF 1984 AND AMENDMENTS TO THE SMALL BUSINESS ACT*

The purpose of these two Acts is to "obtain full and open competition through use of competitive procedures..." Both Acts apply to the procurement of property or services by any federal agency. (See [2-F01](#).) The Competition in Contracting Act, Public Law 98-369, [41 USC 253](#), is implemented in the [Federal Acquisition Regulations \(FAR\) Part 6](#), Competition Requirements. The Amendments to the Small Business Act, Public Law 98-72, [15 USC 14A](#), are implemented in [FAR Part 5](#), Publicizing Contract Actions. These Acts apply only to federal agency procurements, that is, solicitations which will result in contracts.

Any exceptions to the requirement for full and open competition as described in the regulations for both Acts require an extensive procedural determination by specific federal agency personnel that a proposal or contract fulfills the exception criteria. The exceptions allowed in [FAR 6.302](#) are:

6.302-1 Only one responsible source and no other supplies or services will satisfy agency requirements;

6.302-2 Unusual and compelling urgency;

6.302-3 Industrial Mobilization; Engineering, Developmental, or Research Capability; or Expert Services;

6.302-4 International agreement; and,

6.302-5 Authorized or required by statute.

Federal agencies interpret and implement these regulations in various ways. Some agencies often use the exception under 6.302-3 to award universities sole source contracts based on unsolicited proposals which contain unique or innovative concepts. In addition, agencies publish Broad Agency Announcements (BAA) to solicit proposals. Any contract or grant awarded in response to a BAA is considered to have been competitively solicited. Additional guidance may also be provided via OP Research Policy Analysis and Coordination (RPAC) Memos (formerly Contract and Grant Memos) when necessary.

[FAR Part 5](#) requires publication of " "for proposed contract actions expected to exceed \$25,000, by synopsis in the GPE [Government Point of Entry]." The "GPE" for such announcements is the [Federal Business Opportunities](#) webpage. The federal contracting officer is not required to publish a notice if a proposed contract would be awarded under one of the exception to competition reasons listed above. Federal agencies may apply these exceptions to unsolicited proposals from universities. However, each federal agency interprets and implements this exception in its own way. University policy concerning the protection of information in unsolicited proposals is provided in [Chapter 17](#) of this *Manual*. Additional guidance may also be provided via OP RPAC Memos.

## 2-430 *MULTIPLE SUBMISSIONS*

Multiple proposal submissions, that is, the simultaneous submission of proposals for an essentially identical research, training, or public service project for extramural funding to two or more agencies, may be made. The multiple

submissions should be disclosed in the proposals. This is necessary to avoid conflicts in patent rights and other commitments should two or more sponsors jointly offer support for the same project.

Authority to approve multiple submissions does not include the authority to undertake fund-raising campaigns for either partial or total support of a research, training, or public service project. If the intention behind multiple submissions is to conduct a fund-raising campaign, such an activity is subject to the provisions of the [Development Policy and Administration Manual](#). The policy on fund-raising campaigns and the authority to approve such campaigns are outlined in Chapter [9-300](#), of this *Manual*.

#### 2-440 TYPES OF SPONSORS

The types of sponsors that fund research, training, or public service projects at the University include: federal, state, municipal, county, foreign, and other governmental entities; private nonprofit sponsors such as foundations; private for-profit sponsors such as corporations; and educational institutions. In addition, the Office of the President and campuses, administer programs that award funds on a competitive basis. These University-administered internal programs are described in Chapter [10-253](#) of this *Manual*. They are to be distinguished from multiple campus projects, described in Chapter [10-240](#), for which the source of the funding is an extramural sponsor.

#### 2-500 PROPOSAL REVIEW

Campus and Laboratory Contract and Grant (or Sponsored Projects) Offices provide guidance to Principal Investigators on the preparation of proposals for extramural sponsors as well as for intra-University programs. Contract and Grant Offices are responsible for the review of proposals for research, scholarly or professional training, or public service related either to research or to scholarly or professional training. The purpose of this review is to assure that proposals comply with applicable University policies and sponsor guidelines or regulations. Authority to approve a proposal by signing it rests with University officials, who have formal delegation of contract and grant authority, or their designees.

At a minimum, a proposal normally describes the scope of the work proposed, states how much it will cost, and names the responsible Principal Investigator or Project Director. For purposes of reporting proposals and awards to the Corporate Contract and Grant Information System (CGX), it is important that the proposal have a descriptive title. (See [Sections 2-581](#) and [2-660](#) below.) The scope of work must be as explicit as possible in proposals submitted to commercial sponsors in order to avoid any conflicts over patent rights given to the sponsor.

#### 2-510 SPECIAL REVIEWS OR COORDINATION

Each Contract and Grant or Sponsored Projects Office requires that proposals be submitted to it with a completed proposal approval form. This approval form is developed by the Contract and Grant Office to provide a checklist of items to be addressed as part of the proposal development, approvals required in accordance with University policies, and signatures required from other University officials. (See [Section 2-570](#) below.)

Questions concerning such regulatory issues as the use of animal or human subjects, recombinant DNA, pathogenic agents, and hazardous materials are included to assure compliance with federal and State regulations and University policies governing these areas. [Chapters 18, Protection of Research Subjects](#), and [3, Environmental Health and Safety](#), of this *Manual* provide further information on these subjects.

Approvals by Department Chairs, Unit Heads, or Deans are needed in order to assure the appropriateness of any commitments of University resources required by the proposed project as well as the appropriateness of the project in accordance with [University Regulation No. 4](#). (See [Section 2-130](#).) Such commitments may include laboratory space, computer facilities, cost of renovations, personnel, and cost sharing. The Principal Investigator's proposed effort, salary, and any leave or release time in the proposal require the approval signatures of the Department Chair, Unit Head or Dean, as applicable, according to local procedures.

#### 2-511 *Use of Words in Proposed Titles Designated for ORUs*

The [Administrative Policies and Procedures Concerning Organized Research Units](#) indicate that organized research units are usually designated by the terms: Institute, Laboratory, Center or Station in their name. The policies state that

In the solicitation of extramural funds for a research project by a unit that has not been granted ORU status, care should be taken not to use terminology nor make representations which suggest that the proposing unit is in fact a University-approved ORU or is about to become one. The designations enumerated in the following paragraphs [*sic.*, Institute, Laboratory, Center or Station] shall not be used as formal labels for units that are not ORUs, with the exception of Center, as noted. If a unit is likely to evolve into an ORU after a trial period of operation, the possibility should be mentioned at a suitable stage in the planning; in such a case, the designation Center or Project is suitable.

The policies explain that the word “Center”

May be used for research units not formally constituted as ORUs upon approval by the Chancellor after consultation with the divisional Academic Senate. Before approval is granted for a Center that is not an ORU, the campus may stipulate terms and conditions such as a process for appropriate periodic review, including administration, programs, and budget; appointment of a director and advisory committee; an appropriate campus reporting relationship; and progress reports. Station: a unit that provides physical facilities for interdepartmental research in a broad area (e.g., agriculture), sometimes housing other units and serving several campuses. The terms Facility or Observatory may be used to define units similar in function but with more narrow interests.

See Chapter [10-140](#) of this *Manual* for further information on Organized Research Units.

#### 2-512 *Non-State-Funded Minor and Major Capital Improvement Projects*

The contract and grant delegations of authority to Chancellors, Vice Presidents and LBNL Director and, subsequently, to Contract and Grant Officers as described in Chapter 13, Sections [13-700 and 13-900](#), of this *Manual* do not include proposals or awards “which require the construction of facilities not previously approved,” in accordance with the authority granted to the President in [Standing Order 100.4\(dd\)](#). Chancellors are delegated certain authority to approve amendments to the Capital Improvement Program for non-State funded minor capital improvement projects and for non-State-funded major capital improvement projects and to solicit and accept or execute extramural grants and contracts for construction of facilities as described in Chapter [13-1210](#). Review and approval of a proposal or award which involves construction or renovation of facilities should be in accordance with that Section of this *Manual*.

## 2-513 *Citizenship Restrictions*

Proposal application guidelines should be reviewed for any citizenship restrictions imposed by the sponsor. The University's policy on accepting awards with citizenship restrictions is set forth in this *Manual* in section [14-700, Funds Restricted to U.S. Citizens](#), and in RPAC ([Contract and Grant memos](#)). As stated in section 14-700,

Restriction of fellowship support for graduate and undergraduate students to U.S. citizens is acceptable. There is no specific policy precluding this practice. Such fellowship restrictions from governmental sponsors are considered to be consistent with legitimate government interests in promoting the training of domestic students.

On a case-by-case review, based on the purpose of the specific RFP, citizenship restrictions may be acceptable for programs that are intended to help start the research careers of new investigators. Such requirements may also be considered as a legitimate work force development by the federal government, depending on the scope of work stated in the proposal guidelines. Proposals in this category containing such restrictions should be forwarded to OP RPAC for review.

## 2-514 *Export Controls*

The University's policies, guidance, and training for compliance with federal export control regulations in the [U.S. Department of Commerce, Bureau of Industry and Security Export Administration Regulations \(15 CFR Parts 700-799\)](#); [U.S. Department of State, Directorate of Defense Trade Controls International Traffic in Arms Regulations \(22 CFR Parts 120-130\)](#); and [U.S. Department of the Treasury, Office of Foreign Assets Control Sanctions Program and Country Summaries](#) are published on the OP [Office of Ethics, Compliance & Audit Services](#) website as well as on campus websites.

As stated on that website, the University's compliance with federal export controls

is based upon maintaining an open, fundamental research environment, such that scientific data and results qualify as being in the "[public domain](#)" under ITAR and are not subject to the EAR under the provisions related to "[publicly available technology](#)", "[published information and software](#)", "[information resulting from fundamental research](#)", and "[educational information](#)". By qualifying under these sections of EAR and ITAR, the University can avoid the problems associated with "deemed exports" of technical data, and then secure any required export licenses for actual shipment of controlled items into or out of the United States. In this manner, UC can maintain its open research and education environment while also complying with the export regulations.

All sponsor proposal guidelines should be reviewed for any restrictions on the University's right to publish or to use or share data in any manner. Further guidance on this subject can be found on the OP Office of Ethics, Compliance & Audit Services website, in [Chapter 11](#) of this *Manual*, and on RPAC (Contract and Grant) Operating Guidance Memos.

## 2-520 BUDGET PREPARATION

Budgets should be prepared in accordance with the sponsor's guidelines or regulations and University policies. They should sufficiently cover all anticipated costs, both direct and indirect, which would be incurred under the work proposed. In order to ensure appropriate indirect cost recovery, proposals must comply with existing policies on indirect costs. Chapters [5 - Cost Sharing](#), [6 - Financial - General](#), [7 - Budgets and Expenditures](#), and [8 - Indirect Costs](#) in this *Manual* provide other pertinent information for budget development. Additional guidance is issued via Research Policy Analysis and Coordination (Contract and Grant) Memos.

### 2-521 General Considerations

The budget section of a proposal represents the Principal Investigator's best estimate of the costs that will be incurred by the proposed project. Such estimates should be based on the standards outlined in [Sections 2-522](#) through [2-527](#), as supplemented by the information contained in [Section 2-528](#) on forecasting long-range needs and in [2-529](#) on documenting the method for determining cost estimates. These sections describe some of the cost elements that may be anticipated for a proposed project. Additional allowable costs not described here, such as subcontracts, computer costs, and rent, are described in [Chapter 7-200](#) of this *Manual*.

Proposal budgets should be as detailed as the sponsor's instructions require. Where the sponsor requires specific estimates for selected cost elements, the following standards should be adhered to in order to arrive at reasonable and consistent budget amounts for those kinds of costs. When a cost not generally allowed except by special approval of the sponsor is deemed necessary to carry out the proposed project, it should be included as a specific item in the proposal.

### 2-522 Salaries, Wages, and Fringe Benefits

Salaries, wages, and fringe benefits must be estimated consistently, regardless of the fund source and in accordance with an approved pay plan, rate or schedule, and published University policy. (Also see *Academic Personnel Manual*, Section [600](#) or [660](#).)

Proposed University personnel salaries should be in accordance with the current academic or staff salary schedules for each particular job classification. Projected range adjustments, merit increases, and fringe benefit increases/decreases should be specified in accordance with guidance provided by the Office of the President and by the campus Human Resources Offices. (Also see [Section 2-528](#) for forecasting increases or decreases.) Compensation must be in accordance with *Academic Personnel Manual* Section 600 et. seq., especially [Section 660-16](#) for faculty; [Personnel Policies for Staff Members: Compensation - 30 Salary](#); and [Senior Management Group Policies: SMG 110, Salary and Appointment; PPSM II-71 Senior Management Supplemental Benefit Program](#). University policies on compensation conform with OMB Circular A-21, *Cost Principles for Educational Institutions*, Section J.6., Compensation for personal services. (See Chapter [6-F01](#) of this *Manual*.)

In no event should extramural support be used as a means to increase the regular academic salary of a University faculty member. Faculty may receive additional compensation for extramurally-funded research activities as described below.

*Academic Personnel Manual* (APM) [Section 660-16](#) states that no academic year, full-time appointee shall receive additional compensation from University sources for services directly related to the appointee's recognized duties

during the academic year, that is, from the beginning of the Fall term, as established in the University calendar, through the end of the Spring term.

Extra compensation may be paid to full-time faculty members only during quarters when the faculty member is not under a service appointment. Extra compensation for honoraria or lecturers and similar services may also be permitted. (See [APM – 666](#)).

APM 660-16 goes on to say that no academic year, full-time appointee shall receive compensation at a rate higher than the appointee's regular annual salary for any additional duties performed during the period between the Spring and the Fall terms (and the vacation period in the case of a fiscal-year appointee). No agreement between the University and a sponsor shall include provisions for a higher rate.

The monthly rate of extra compensation may not exceed one-ninth of the regular academic salary for an academic year appointee. (See *Academic Personnel Manual* [Section 600, Appendix 1](#)) In exceptional circumstances, the Chancellor may approve payment of one eleventh of the annual salary of a fiscal-year appointee to the Professor, Astronomer, or Agronomist in the Agricultural Experiment Station series as additional compensation for work performed during his/her vacation. An appropriate number of accrued vacation days must be deducted. (See *Academic Personnel Manual* [Section 600-14d.](#))

Faculty members participating in the University's health sciences compensation plans may receive compensation above the fiscal year salary rate in accordance with plans approved by The Regents and guidelines established by the Chancellors and approved by the President.

A member of the faculty on sabbatical leave at partial salary may receive additional salary for time devoted to certain contract or grant projects of not more than the difference between the sabbatical leave salary and the applicable full-time University salary for the period involved, providing that funds have been made available for this specific purpose by the funding agency. Collection of this sabbatical leave salary augmentation does not affect any eligibility which the faculty member has for employment during off-duty months when not on sabbatical leave. (See [APM 740-18](#) for additional information and restrictions on compensation during sabbatical leave.) Other circumstances and restrictions for faculty receiving additional compensation are described in the *Academic Personnel Manual* Section 660. These include additional compensation for services as a consultant, lecture fees or honoraria, and manuscript reading fees.

Personnel employed in the Professional Research classification (including those in the Professional Research, Specialist, and the Postdoctoral Scholars and Project (e.g. Scientist) Series) under contracts or grants should have approved titles and remuneration in accordance with the appropriate provisions of the *Academic Personnel Manual* , including APM Sections [310](#), [311](#), [330](#), and [390](#). Graduate Student Researcher positions are defined in [APM 112](#).

### 2-523 Consultants

According to [Business and Finance Bulletin BUS-34](#), *Securing the Services of Independent Consultants*, consultants can be used

...only when a determination has been made that the services are so urgent, special, temporary, or highly technical that they cannot be performed economically or satisfactorily by existing University staff during the course of their normal University responsibilities or duties. (Section [V.A.](#))

It is not appropriate to use a consultant agreement to obtain routine, non-advisory services of an individual. University policies and procedures for contracting with consultants are in Chapter [16-440](#) of this *Manual* and in *Business and Finance Bulletins* [BUS-34](#) and [BUS-43](#), Part 7, Employee-Vendor Relationships. In addition, sponsors may restrict payments to consultants and/or require prior approval of consultant agreements. The policy on faculty serving as consultants on projects conducted under the auspices of the University is in *Academic Personnel Manual* [Section 664](#), Additional Compensation/Services as Faculty Consultant.

#### 2-524 Travel

Estimates of travel costs should be made for each day of travel using [Business and Finance Bulletin G-28](#), *Policy and Regulations Governing Travel*, as a guide, supplemented by COP published mileage rates, UC travel services, and other appropriate sources.

#### 2-525 Services, Supplies, and Miscellaneous Budget Items

Good faith estimates of costs of services and miscellaneous items should be made based on past experience and telephone or written quotations. (Also see [BUS-43](#), *Materiel Management*, Parts 3 and 4.)

#### 2-525 Services, Supplies, and Miscellaneous Budget Items

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#### 2-526 Equipment

Estimates of the cost of each item or piece of equipment listed should be based on a catalogue, telephone, or written quotation. The estimated cost should include sales tax, shipping, and assembly, if necessary. (See Section II.B.1. of *Accounting Manual* [Chapter P-415-2](#), *Plant Accounting: Cost and Reconciling Inventorial Equipment Acquisitions*.) Sales tax is not included if, at the time of purchase, title to the piece of equipment vests in the federal government. Generally, under federal grants, and also under federal contracts when the equipment costs less than \$5,000, title vests in the University at the point of acquisition and sales tax is payable. (Also see [BUS-43](#), *Materiel Management*, Part 3; *Accounting Manual* [Chapter T-182-73](#), Taxes: Sales and Use Tax, Section V.A.2; and Chapters [7-221](#) and [15-220](#) in this *Manual*.)

If a piece of equipment is to be fabricated, the cost of its components plus, all materials, supplies, and services from outside vendors or authorized internal recharge activities used in the fabrication process are exempt from indirect costs, if title is retained by the University and the item has a useful life expectancy of more than one year. Departmental labor, travel or other operating expenses associated with the fabrication such as salaries of Principal Investigators, graduate student researchers, or other comparable personnel who participate in the fabrication process are not included in the acquisition cost of the item and are subject to indirect costs. If the fabricated piece of equipment is a deliverable and title is not retained by the University, all costs of its fabrication are subject to indirect costs. If the fabricated item has a life expectancy of less than one year, it does not meet the definition of equipment and all fabrication costs are subject to indirect costs. For more information on the treatment of fabricated property see *Accounting Manual* [Chapter P-415-32](#), and *Contract and Grant Manual* sections [7-205](#) and [15-240](#).

For further information about equipment and definitions, see Chapter [7-205](#) and [15-122](#) of this *Manual*.

### *2-527 Major Capital Construction or Modification of a University Facility – Amendments to the Capital Improvement Program*

Any construction or modification of a University facility, whether a major or minor capital improvement, to be paid for with extramural funds is subject to the same review and approvals as those made with regular University funds. The Chancellors' delegation of authority to approve solicitations to extramural sponsors which include construction or modification of a campus facility is outlined in Chapter [13-1210](#) of this *Manual*. Accordingly, any extramural proposal for research, training or public service which includes a request for funding for a facility modification must be appropriately coordinated with campus Facilities Management as well.

### *2-528 Forecasting Increases or Decreases*

The Principal Investigator is ultimately responsible for project cost estimates. Campuses may develop policies for proposal budget preparation that include escalating or de-escalating factors. These policies should result in forecasting overall increases or decreases in a manner that is consistent campus-wide and reasonable, considering such factors as historical cost patterns for that campus and probable trends.

### *2-529 Documenting Estimates*

Campuses should have procedures for verifying cost estimates in proposal budgets. Records on how estimated costs were determined must be kept. Supporting documentation should be in writing and show clearly and in sufficient detail how each proposed cost element amount was developed. For example, supporting documentation for salaries and wages would include the name, academic rank or payroll title, and salary step of each employee on the proposed budget. If a particular position is not filled, the proposed salary generally should not be higher than the middle step for that title.

### *2-530 AWARD TERMS AND CONDITIONS ANNOUNCED WITH THE RFP*

Award terms and conditions announced with the RFP need to be reviewed for compliance with University policies. Any comments on or exceptions to terms and conditions must be submitted to the sponsor with the proposal. Award terms and conditions are discussed in [Section 2-630](#) below.

### *2-540 PROPRIETARY DATA*

If a proposal contains proprietary data, the applicable sections must be marked as such. In RFPs and RFAs which the sponsor thinks would solicit proprietary data, the sponsor usually has instructions on how to note on the proposal cover page and the applicable sections that the proposal contains proprietary data.

### *2-550 ASSURANCES, REPRESENTATIONS, AND CERTIFICATIONS*

Federal and State agencies usually require that various assurances, representations, and certifications be submitted with proposals. These assurances, representations, and certifications are concerned with compliance with laws and regulations governing such areas as equal opportunity and affirmative action, clean air and water, labor surplus areas, and defaults on loans. The number of such representations, certifications, and assurances vary from agency to agency and, from time to time, within the same agency, as new ones continue to be required. However, a number of basic requirements common to most federal agencies can be identified. They are based on current Federal Acquisition

Regulations (FAR and FAR supplements) that are usually derived from federal statutory requirements or Executive Orders. Often the wording and format of a representation, certification, or assurance is specified either in the acquisition regulation or in the statute from which the regulation is derived.

While most federal agencies require that representations, certifications, and assurances be included by reference or listed with every proposal, some agencies allow one annual campus signature on certain representations and certifications. For federal agencies, this annual acceptance of representations and certifications by campus can be done on-line at the federal [Online Representations and Certifications Application \(ORCA\)](#). In addition, some federal and State agencies may include them in their awards rather than in proposals.

Because the representations, certifications, and assurances required by federal and State agencies are constantly subject to change, this *Manual* does not attempt to provide a complete list. For representations and certifications required in connection with federal contracts and grants and other new assurances, see the Office of the President RPAC Research Administration website: [Lists of Certifications Related to Federal Contracts and Grants](#). [Section 2-F10](#) provides a listing of federal documents which contain representations, certifications and assurances that are normally required in connection with federal research contracts and grants. In addition, some specific representations, certifications, and assurances are discussed in this *Manual's* chapters which cover their applicable subject areas. These include: [Chapter 3 - Environmental Health and Safety](#); [Chapter 12 - Labor Standards](#); [Chapter 14 - Nondiscrimination/Affirmative Action](#); and [Chapter 16 - Purchasing](#).

#### *2-551 Compliance with Applicable Laws and Regulations*

The University makes every effort to comply with all applicable federal, State, and local laws and regulations. University systems and procedures are designed to ensure compliance with existing laws and regulations. Various University offices are responsible for designing and implementing any necessary changes in University systems and procedures to comply with new laws and regulations.

When an agency requires certification or assurance of compliance with specific applicable laws or regulations, there are three things to consider:

1. Compliance is only being required as applicable. If the law or regulation is not applicable to the University or program being funded, then it is preferable to line out this certification or assurance in the proposal or award. The agency can be provided with documentation verifying the University's exemption from the law or regulation. An alternative to deleting a certification or assurance not applicable to the University would be to add the words "if applicable to the University" after the clause.
2. The official certifying on behalf of the University is not expected to investigate whether there are any specific instances of non-compliance within the University; general knowledge that there are policies and procedures in place to implement the law or regulation is sufficient.
3. If the official certifying on behalf of the University is aware of material violations of the law or regulations, then the certification should not be signed. The campus and/or Office of the President Compliance Officer and/or Controller, depending on the nature of the violation, should be notified of any such violation.

See [Section 2-F10](#) for guidance on federal laws and regulations that are applicable to federally sponsored research contracts and grants to the University. (See also the OP RPAC Research Administration website: [Lists of Certifications Related to Federal Contracts and Grants](#).)

#### *2-552 Cost or Pricing Data*

In accordance with [FAR 15.403 -- Obtaining Cost or Pricing Data](#), federal contract proposals over \$650,000 must disclose relevant cost or pricing data to enable the government to analyze proposed costs in order to ensure that they are fair and reasonable. Federal agencies may require that a Certificate of Current Cost or Pricing Data be signed. By signing such a Certificate, the Contract and Grant Officer is certifying that the "cost or pricing data are accurate, complete, and current..." ([See Section 2-F09](#).) The proposed budget could be reduced in an award if the cost or pricing data are found to be incorrect.

The Department of Defense does not require non-profit educational institutions and other non-profit organizations to certify cost data in proposals for DOD-funded cost-reimbursement contracts or subcontracts. The DOD waiver of this requirement applies only to signing the Certificate of Current Cost or Pricing Data, not to the submission of the actual data.

#### *2-560 MULTIPLE UC CAMPUS PROJECTS*

When a Principal Investigator wants to involve more than one UC campus in a proposed project, one campus serves as the prime campus and the other campuses involved are considered participating campuses. University policy regarding administration of extramurally funded, multiple UC campus projects is presented in Chapter 10, Sections [10-240 through 10-248](#), of this *Manual*. Operating guidance for multiple UC campus projects is provided via RPAC (Contract and Grant) Operating Guidance Memos.

#### *2-570 APPROVALS*

All formal proposals submitted to extramural sponsors as well as intra-University programs should have the signed approval of the Principal Investigator, the Department Chair, and the Unit Head or Dean, as applicable. Formal proposals must also have approval of the Contract and Grant Officer with delegated authority to sign such proposals. (See [Chapter 13](#).) Required approvals for participating campuses on multiple UC campus projects are described in [Chapter 10-241](#) of this *Manual*. Required approvals may be on the internal campus contracts and grants proposal cover sheet and/or the sponsor's proposal face page. (See [Section 2-510](#) above.) For information about the submission process for informal proposals, see Chapter [1-510](#) in this *Manual*.

#### *2-580 ADDITIONAL REVIEW/REPORTING REQUIREMENTS*

##### *2-581 Corporate Contract and Grant Reporting System (CGX)*

All proposals and awards must be reported to the Contract and Grant Reporting System (CGX) as described in Chapter [10-420](#). Detailed instructions are issued via OP RPAC (Contract and Grant) Memos.

2-582 *Disclosure of Financial Interest in Private Sponsors of Research and Other Conflict of Interest Policies*

The State of California Fair Political Practices Commission has mandated that a Principal Investigator must disclose direct or indirect financial interest in a private sponsor of research which is funded in whole or in part:

1. through a contract or grant of \$250 or more; or
2. by a gift from a non-governmental entity which is earmarked by a donor for a specific research project or a specific Principal Investigator, provided the amount of the gift, or the aggregate over a 12-month period, from the same donor is \$250 or more.

These requirements are mandated by State regulations under the [State of California Political Reform Act of 1974: 2010 Revision](#). (See [Section 2-S01](#).)

The [University Policy on Disclosure of Financial Interest in Private Sponsors of Research](#) was issued by the Office of the President on April 26, 1984, and [Guidelines for Disclosure and Review of Principal Investigator's Financial Interest in Private Sponsors of Research](#) was issued on April 27, 1984. The disclosure statement required by the April 26, 1984 Policy, [Form 700-U](#), Principal Investigator's Statement of Economic Interests, may be submitted to the Contract and Grant Office along with any research proposal for over \$250 to a private sponsor. If it is not submitted at that time, it must be filed before final acceptance of the contract, grant, or gift, and

1. when funding is renewed; and
2. within 90 days after expiration in the case of a contract or grant, or after funds have been completely expended, in the case of a gift. (Also see [Section 2-650](#) below.)

When an interest of a Principal Investigator in a sponsor is disclosed, a campus committee must review whether the contract, grant or gift can be accepted.

Other applicable University policies related to conflict of interest are summarized in:

- [Business and Finance Bulletin G-39](#), *Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest*;
- [Academic Personnel Manual APM-028](#), *Disclosure of Financial Interest in Private Sponsors of Research* and policies regarding [Academic Conflict of Interest or Commitment Related to Sponsored Research](#); and
- [University Policy on Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects \(effective October 1, 1995; revised October 15, 1997; technical revisions February 1, 2009\)](#).

Federal regulations, policies and information related to conflicts of interest in federally-funded research may be found at:

- Public Health Service (including NIH) regulations [42 CFR, part 50, subpart F](#), with helpful [FAQs](#)
- Food and Drug Administration regulations at [21 CFR 54](#)
- National Science Foundation [Grantee Conflict of Interest Policies](#)

#### *2-583 Regental Approval*

[Standing Order 100.4\(dd\)](#) states the conditions under which a proposal for extramural support must be submitted to The Regents for authorized University approval. A general discussion of Regental approval can be found in Chapter 10, Sections [10-211 through 10-217](#). Procedures for submitting proposals for Regental approval are issued via RPAC (Contract and Grant) Memos.

Procedures for the submission of proposals which exceed campus delegations of authority, but do not require Regental approval, are also set forth via RPAC (Contract and Grant) Memos.

#### *2-584 State Clearinghouse Procedures*

[Executive Order 12372](#) on intergovernmental review of federal programs allows states to set up procedures for reviewing federal assistance programs which affect them. The Order requires federal agencies to either follow State recommendations on proposed federal funding or explain their reasons for not doing so. (See [Section 2-F03](#).) The specific programs of federal agencies which require clearinghouse submission are noted in their Assistance. The federal agency issuing the RFP or RFA is responsible for specifying if the submission of an [SF-424](#) is required for the specific program. The University is not responsible for making this determination.

At the time a proposal for a federal program which requires review by the State is submitted to the federal agency, a copy of Standard Form SF-424 is submitted for the proposed project to the [State "single point of contact,"](#) along with the narrative portion of the proposal. (See [Section 2-F07](#).) In California, the required copy of the SF-424 is submitted to:

Grants Coordination - State Clearinghouse  
Office of Planning and Research  
P.O. Box 3044, Room 222  
Sacramento, California 95812-3044  
Telephone: (916) 445-0613; Fax: (916) 323-3018  
[state.clearinghouse@opr.ca.gov](mailto:state.clearinghouse@opr.ca.gov)

Some campuses are also required to submit this material to a local clearinghouse, such as a local consortium of city governments, where there is one, at the time the proposal is submitted to the federal agency.

## 2-600 AWARD ACCEPTANCE AND ADMINISTRATION

All extramural awards to the University of California for research, training, or public service are made in the University's corporate name, "The Regents of the University of California." The responsibility for reviewing the terms and conditions of awards before they are accepted on behalf of The Regents rests on those who have been delegated authority to approve, accept, and execute such awards, as described in [Sections 2-200](#) and [2-610](#). University officials who are authorized to sign awards which obligate the University should insure that these awards are properly reviewed. A checklist for review of contracts and grants is outlined in Chapter [13-333](#). The responsibility for implementing the terms of an award involve various University offices as noted below in [Section 2-620](#).

### 2-610 AUTHORITY TO ACCEPT AWARDS

[Standing Order 100.4\(dd\)](#) authorizes the President to accept or execute awards, with stated exceptions. The President has [re-delegated](#) this authority to the Provost and Executive Vice President - Academic Affairs, Vice President - Agriculture and Natural Resources, Associate Vice President - Federal Governmental Relations, Chancellors, and the Lawrence Berkeley National Laboratory Director who have, in turn, re-delegated their authority, with varying levels and limitations, to the appropriate Vice Chancellors, Deans, Directors, and Contract and Grant Officers. For a discussion of the legal authorities related to the solicitation of proposals, see [Chapter 13](#) of this *Manual*.

When an award is accepted by The Regents, it means that the University has agreed to comply with all the terms of that award. Thus, it is important for campuses and Laboratory to have procedures in place to ensure that awards are legally accepted only by authorized University officials. Legal acceptance can take many forms, including: counter-signature on a bilateral agreement; spending the funds when a unilateral award is made; and signing a proposal that is counter-signed by the sponsor (e.g. an RFQ).

### 2-611 Acknowledgment of Grants from Private Sponsors

In addition to being accepted under the authority described above in [Section 2-610](#), grants from private sponsors may also be acknowledged by other University officials or the Principal Investigator. Such acknowledgments are handled in accordance with campus procedures and in a manner appropriate to the requirements of the sponsor and the nature of the grant.

### 2-620 RESPONSIBILITY FOR ADMINISTERING AN AWARD

The duties and responsibilities of University faculty and staff involved in the administration of an award are outlined in Chapter 10, Sections [10-300 through 10-350](#). Responsibilities for specific areas of award administration are described in the chapters for those subject areas such as financial responsibilities in [Chapter 6](#) and patent duties in [Chapter 11](#) of this *Manual*.

### 2-630 TERMS AND CONDITIONS OF AWARDS

Awards for sponsored projects or programs are made to the Corporation, i.e., The Regents of the University of California, and commitments made under agreements are commitments of the Corporation. The terms and conditions of awards must be in accordance with University policy. Applicable policies are discussed in this *Manual* under specific chapter titles. Any exceptions to such policies must have the required reviews and approvals discussed in those chapters. Additional guidelines and procedures are issued as needed via RPAC (Contract and Grant) Memos.

## 2-631 *Governing Law*

Agreements which contain a "Governing Law" clause should state that the agreement is governed by the laws of the State of California. Agreements which name governing laws of other states should be reviewed by General Counsel's Office as described in [Section 2-640](#), below.

## 2-632 *Awards to Individuals*

As stated above in [Section 2-630](#), sponsoring agencies make awards to the corporation, not to the individual. However, occasionally, a sponsor offers an award directly to a Principal Investigator or Project Director. Consistent with considerations of University of California policies regarding conflict of interest (See [Section 2-582](#) above), a Principal Investigator or Project Director may make an agreement concerning that portion of his or her time and effort which is not already committed to the University, which does not interfere with performance of University duties, which are in accordance with [APM -025 – Conflict of Commitment and Outside Activities for Faculty Members](#), and which does not involve unauthorized use of University space, facilities, or resources on a significant scale. ("Faculty Code of Conduct", *Academic Personal Manual - [APM 015](#)*.) Personal awards which involve University staff time already committed to the University are not permitted.

When an honorific award to a specific faculty member is made to The Regents, it cannot be accepted unless it is in compliance with University policies as described in this *Manual*.

## 2-633 *Reporting Requirements*

Any sponsor required financial and technical reports should be reasonable, i.e., within the generally accepted standards for such requirements. Any excessive reporting requirements, such as those which the campus' financial systems cannot readily accommodate, deadlines which cannot reasonably be met, or overly-frequent reports, should be modified to the extent possible. The Office of the President Research Policy, Analysis and Coordination Office (RPAC) is available to assist in achieving such modifications when campus efforts are rejected by the sponsor.

## 2-634 *Insurance, Patents, and Data Rights*

Any requirements in an RFP or RFA concerning such areas as insurance, patents, and data rights must be in accordance with University policies. [Chapter 21](#) and [Chapter 11](#) of this *Manual* cover these areas.

## 2-635 *Research Based on Reasonable Efforts*

Since research results cannot be guaranteed, University research is conducted on a "reasonable efforts" basis. The University receives no fee or profit on its research. While agreements may require a final report and may outline standards for that report, provisions which guarantee research results, impose penalties for failure to make progress by firm deadlines, or condition payment on the sponsor's satisfaction with the results are generally not acceptable. Such provisions create an unfunded liability for the University as the sponsor may refuse to pay the costs incurred for the work performed. However, Principal Investigators or Program Directors are obligated to conduct sponsored projects of the highest possible quality. ( [APM-015](#), The Faculty Code of Conduct.)

When a sponsor wants a final product which conforms with sponsor specifications, it may indicate that the sponsor is more interested in purchasing a good or service than in supporting research of interest to and directed by the University.

Such a project indeed might be appropriate public service; however, "job shop" product outputs if accompanied by unacceptable terms which create an unfunded liability are normally not appropriate to the University's mission and should not be accepted. For more information about projects classified as sponsored agreements, see [Section 8-321](#) of this *Manual*.

#### 2-636 *Termination*

Any termination clause should assure that, in the event an agreement is terminated by the sponsor for any reason, the sponsor will pay the University for all costs incurred to date of termination and for all uncancellable obligations. (Also see Chapter [7-222](#) of this *Manual*.)

#### 2-637 *Citizenship Restrictions, Export Controls and Other Awards Terms and Conditions*

As with proposal guidelines, award terms and conditions must also be reviewed for requirements which would create citizenship or export control restrictions discussed in 2-513 and 2-514 above as well as any other proposal review issues described above in 2-500 which are now found in award terms and conditions.

#### 2-640 *REVIEW OF ROUTINE AGREEMENTS AND THE ROLE OF THE GENERAL COUNSEL'S OFFICE*

The University official who is delegated authority to sign agreements is responsible for making the determination as to whether legal advice is needed from the General Counsel's Office, and, if it is, to obtain this advice prior to execution. Chapter [13-330 through 13-334](#) discusses the responsibility of the General Counsel in providing advice on contract and grant documents. See Chapter [13-333](#) for the Checklist for Review of Contracts and Grants developed by General Counsel's Office.

#### 2-650 *DISCLOSURE OF FINANCIAL INTEREST IN PRIVATE SPONSORS OF RESEARCH - FORM 700-U AND OTHER CONFLICT OF INTEREST POLICIES*

As discussed in [Section 2-582](#), [Form 700-U](#), Principal Investigator's Statement of Economic Interests, is required before acceptance of an award. If Form 700-U is not filed with the proposal submission, it must be filed before final acceptance of an award to which it applies, when funding is renewed, and within 90 days after the expiration of the Other applicable University policies related to conflict of interest are summarized in:

[Business and Finance Bulletin G-39](#), *Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest*;

[Academic Personnel Manual APM-028](#), *Disclosure of Financial Interest in Private Sponsors of Research* and policies regarding [Academic Conflict of Interest or Commitment Related to Sponsored Research](#); and

[University Policy on Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects \(effective October 1, 1995; revised October 15, 1997; technical revisions February 1, 2009\)](#).

Federal regulations, policies and information related to conflicts of interest in federally-funded research may be found at:

- Public Health Service (including NIH) regulations [42 CFR, part 50, subpart F](#) , with helpful [FAQs](#)
- Food and Drug Administration regulations at [21 CFR 54](#)
- National Science Foundation [Grantee Conflict of Interest Policies](#)

#### *2-660 CORPORATE CONTRACT AND GRANT REPORTING SYSTEM (CGX)*

All awards must be reported to the Contract and Grant Reporting System (CGX) as described above in [Section 2-581](#) and in Chapter [10-420](#).

#### *2-670 PRIOR APPROVAL REQUIREMENTS*

When a sponsor or the University requires prior approval of actions related to the administration of an award, the campus or Laboratory must have administrative procedures in place which meet prior approval requirements. The terms and conditions of the award should provide specific guidance on the sponsor's requirements for prior approvals. Examples of actions often requiring prior approval at the campus level or by the sponsor, depending on sponsor requirements, are pre-award costs, no-cost extensions, and rebudgeting above a line-item amount restricted by the sponsor.

A change in the scope of work, objectives of the research, or level of effort of the Principal Investigator generally must be approved in writing by the sponsor. Replacing the Principal Investigator generally requires sponsor approval in addition to any required University approvals.

#### *2-680 AMENDMENTS, MODIFICATIONS, AND CONTINUATIONS*

The terms and conditions of an award can be changed via amendments, modifications, change orders, supplements, or continuations of the agreement. An amendment or modification is a change in the terms and conditions mutually agreed upon by both parties. A change order is usually a unilateral change in the agreement subject to the clause in the agreement which covers such changes. Acceptance of a change order clause in an agreement is, thus, discouraged because such a clause exposes the conduct of the sponsored project to the unilateral direction of the sponsor.

A delegation of authority resulting from a proposed project which required Regental approval authorizes specific campus or Laboratory officials and staff to sign the original award and includes the authority to execute subsequent amendments, modifications, or continuations to the award as long as the amendment, modification, or continuation does not remove the award from the limitations prescribed in the applicable delegation of authority. For example, if an amendment to such an award adds a new condition requiring Regental approval, then another Regental approval and a new delegation of authority would be necessary. (See [Chapter 13](#).)

Principal Investigators or Project Directors do not have authority to make or execute changes or modifications in the terms of contracts or grants unless they have been specifically by name or title delegated this authority by an authorized University or campus official. They should not attempt to negotiate such changes without the prior knowledge and approval of the Contract and Grant Officer.

## **2-700 AWARD TERMINATION/EXPIRATION/CLOSEOUT**

The expiration of an award on its expected expiration date constitutes an implicit assumption that the University has fulfilled its project performance obligations under the award. An award may also be terminated by the sponsor or the University before its expiration date for various reasons including the transfer of the Principal Investigator to another institution.

A closeout or termination may require the submission of a final invoice and a "Contractor's Release." Other aspects of the award that may need to be cleared are: title to property; satisfactory performance of contractual obligations by the Principal Investigator; and the submission of all required reports including final technical and financial reports, patent and invention reports, inventory report, small business and small disadvantaged business subcontracting plan reports, and cost-sharing report. These reports are discussed below, except for subcontracting plan reports which are discussed in Chapter [16-F02](#).

### *2-710 FINAL FINANCIAL REPORT, CONTRACTOR'S RELEASE, REFUNDS, AND CLAIMS*

The campus or Laboratory Extramural Funds Accounting Office is responsible for submitting any financial reports required in order to close out the award. The expiration or termination of an agreement usually requires a final invoice or final financial report from the University. In the final invoice or report, the University would request any residual funds due to the University under the award or refund to the sponsor any excess funds not expended. Awards terminated prior to their natural expiration date can also incur additional costs. See Chapter [7-222](#) on this subject.

When it is determined by the Extramural Funds Accounting Office that no funds are owed to the University for expenses incurred under the award, a signed "Contractor's Release," if required by the sponsor, may be submitted to the sponsor. This "release" is an acknowledgment by the University that it has no further claims against the sponsor. A contractor's release is not usually required for a grant award.

### *2-720 FINAL TECHNICAL REPORT AND OTHER DELIVERABLES*

The Principal Investigator is responsible for submission of any final technical report required under the terms of an award as well as other agreed upon deliverables such as data, graphs or software. Failure on the part of the Principal Investigator to deliver any required technical reports to the sponsor in a timely matter may affect future funding from that sponsor to all campuses of the University. In addition, the terms of some contracts provide that final payments will not be made until the required final reports have been submitted. Thus, late or incomplete reports also affect the receipt of the final payment to the University and, in some case, the provision of future awards. It is, therefore, useful for campuses to have some method of monitoring the timely submission of final reports.

### *2-730 FINAL INVENTORY REPORT AND TITLE TO PROPERTY*

The sponsor's policies on title to property must be followed when closing out an award. Many sponsors request a property inventory report whether or not title to such property is retained by the University. When such title is not retained at the time of acquisition, it is incumbent upon the Contract and Grant Officer to request title at termination. The campus Equipment or Materiel Management Office is generally responsible for completing the final inventory report.

## 2-740 PATENT AND INVENTION REPORT

If required by the sponsor, a final Report of Patents or Inventions is completed by the Principal Investigator, whether or not the report is negative. If a patentable idea, invention or discovery is made during the course of the sponsored project, the disclosure of such must be made through the Office of Technology Transfer, Office of the President, or the campus or Laboratory equivalent.

## 2-750 COST-SHARING REPORT

If the sponsor requires cost sharing and requests a report of this cost sharing as part of the close-out of the award, such a report is generally generated by the campus Extramural Funds Accounting Office in consultation with the campus unit which administered the award, depending on individual campus procedures.

## 2-760 TRANSFER OF THE PRINCIPAL INVESTIGATOR

In the case of a termination of an award because the Principal Investigator is leaving the University and wants to continue the project at a new institution, written approvals from the sponsor, the campus, and the recipient institution are required. The campus or Laboratory Extramural Funds Accounting Office must determine the balance of funds in the project to be transferred. If these funds are in a campus account, the campus must refund the surplus to the sponsor or send the balance to the new institution in accordance with the sponsor's guidance. If the campus has not received the balance of funds available to the project, the sponsor de-obligates that balance to the campus and re-obligates it to the other institution. If the Principal Investigator wants to transfer equipment associated with the project, the campus is responsible for reviewing the title in order to make a determination of whether approval of the transfer will be given by the campus or is required by the sponsor. (See [Business and Finance Bulletin BUS-38](#), Disposal of Excess Material.)

## 2-770 TERMINATION OF SUBAWARDS

Before termination of any sub-award issued from the University to another institution, all financial, technical, property, patent, and other reports required should be received from the sub-awardee along with a statement that it releases the University from all further claims under the sub-award. The University Principal Investigator should indicate that the sub-award was carried out in accordance with the work statement. Subrecipient monitoring procedures are issued via RPAC (Contract and Grant) Memos.

## 2-999 RELATED UNIVERSITY REFERENCES

- [Faculty Handbook](#), September 1995.
- [Facilities Manual](#).
- [Development Policy and Administration Manual](#).
- University Regulation No. 4, Special Services to Individuals and Organizations, June 23, 1958. (Reprinted in the *Faculty Handbook*, September, 1986, Appendix, p. 52, and the *Academic Personnel Manual*, [Section 020](#).)
- [Standing Orders](#) of The Regents of the University of California, Standing Order 100.4(dd).
- "[Administrative Policies and Procedures Concerning Organized Research Units](#)", *Directory of Organized Research Units*, University of California.
- [Academic Personnel Manual](#).
- *Personnel Policies for Staff Members: Compensation -30. Salary.*

- [Senior Management Personnel Policies](#)
- [University Policy on Disclosure of Financial Interest in Private Sponsors of Research. Presidential Memorandum, April 26, 1984.](#)
- [Guidelines for Disclosure and Review of Principal Investigator's Financial Interests in Private Sponsors of Research. April 27, 1984.](#)
- [University Policy on Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects \(effective October 1, 1995; revised October 15, 1997; technical revisions February 1, 2009\).](#)
- [Routine Contracts and Grants Which Need Not Be Reviewed By Office of General Counsel. General Counsel Memorandum, March 27, 1974.](#)
- [Current UC Guidelines on Industry-University Relations](#)
- [University Records Disposition Schedules Manual](#)

*Business and Finance Bulletins*

- [BUS-34](#) Securing the Services of Independent Consultants
- [BUS-43](#) Materiel Management
- [G-28](#) Policy and Regulations Governing Travel
- [BUS-29](#) Management and Control of University Equipment
- [G-39](#) Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest
- [BUS-38](#) Disposal of Excess Material

*Accounting Manual*

- [P-415-2](#) Plant Accounting: Cost and Reconciling Inventorial Equipment Acquisition
- [T-182-73](#) Taxes: Sales and Use Tax
- [P-415-32](#) Plant Accounting: Inventorial Equipment on Fabricated Items

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F01 The Competition in Contracting Act of 1984, Public Law 98-369 - 41 USC 253; Amendments to Small Business Act, Public Law 98-72 - [15 USC 14A](#) ; [FAR Part 6 – Competition Requirements](#)

### **PURPOSE**

To obtain full and open competition through the use of competitive procedures for procurement of property or services by federal agencies.

### **APPLICABILITY**

All acquisitions above the simplified acquisition threshold with exemptions listed in [FAR Part 6.01](#).

### **SUMMARY OF PROVISIONS**

Both laws restrict authority to award large dollar value, sole source contracts, and contracts resulting from unsolicited proposals. They allow for exemptions to these requirements as listed in [FAR Part 6.01](#) Publication in of solicitation announcements in the [Federal Business Opportunities](#) webpage is required.

### **LEAD AGENCY**

[Office of Federal Procurement Policy](#)

### **IMPLEMENTING REGULATIONS**

[FAR Part 5](#) - Pub. L. 98-72

[FAR Part 6](#) - Pub. L. 98-369

### **PRIMARY UNIVERSITY RESPONSIBILITY**

The Office of the President Research Administration is responsible for monitoring and responding to proposed agency implementations of these statutes.

Contract and Grant Officers can potentially protect unsolicited proposals by reserving the right to review any synopsis for publication. Principal Investigators can identify restricted information in the proposal.

### **UNIVERSITY POLICY IMPLEMENTATION**

None

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F02 Public Law 97-258 and [31 USC 6301](#) - Using Procurement Contracts and Grant and Cooperative Agreements

### **PURPOSE**

To distinguish federal assistance relationships from federal procurement relationships, standardizing usage, and clarifying meanings of the legal instruments used in such relationships.

### **APPLICABILITY**

Agreements between the federal government and a state or local government or other recipient.

### **SUMMARY OF PROVISIONS**

Defines when a contract, grant or cooperative agreement should be used by the federal government in a procurement or assistance relationship.

### **LEAD AGENCY**

[Office of Management and Budget](#) (including the Office of Federal Procurement Policy)

### **IMPLEMENTING REGULATIONS**

[Title 2 CFR Part 215](#) - OMB Circular A-110 for grants and cooperative agreements; Federal Acquisition Regulations ([FAR](#)) for contracts.

### **PRIMARY UNIVERSITY RESPONSIBILITY**

Contract and Grant Offices are responsible for determining that the correct legal instrument is used by a federal agency in a procurement or assistance relationship with the University.

### **UNIVERSITY POLICY IMPLEMENTATION**

None

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F03 [Executive Order 12372](#) - Intergovernmental Review of Federal Programs and the Catalog of Federal Domestic Assistance

### **PURPOSE**

To foster an intergovernmental partnership by relying on state and local government coordination in reviewing federal assistance programs.

### **APPLICABILITY**

Applications to designated federal programs for assistance must be sent for review to the state "single point of contact."

### **SUMMARY OF PROVISIONS**

Replaces OMB Circular A-95. Requires federal agencies to make efforts to accommodate state and local government recommendations concerning assistance programs in their jurisdiction and to rely on state and local processes for review of federal assistance programs. Federal programs requiring state review of proposals noted listed in the [Catalog of Federal Domestic Assistance](#).

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Applicable CFR Parts for each federal agency

### **PRIMARY UNIVERSITY RESPONSIBILITY**

Contract and Grant Officers must submit to the State "single point of contact" applications which require such review.

### **UNIVERSITY POLICY IMPLEMENTATION**

This *Manual* Chapter.

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F04 [Title 2 CFR Part 215](#) – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations. Office of Management and Budget Circular No. A-110 – 215.51 Monitoring and Reporting Program Performance.

### **PURPOSE**

To establish procedures for monitoring and reporting the performance of recipients of grants and other agreements.

### **APPLICABILITY**

All federal agencies in their administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations. The term "other agreements" does not include procurement contracts, but does include cooperative agreements.

### **SUMMARY OF PROVISIONS**

Sets forth guidelines for monitoring performance, ensuring that time schedules are met, that projected work units by time periods are accomplished, and other performance goals are being achieved. Describes the contents of required technical reports and reporting frequency.

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Individual agency guidelines.

### **PRIMARY UNIVERSITY RESPONSIBILITY**

The Principal Investigator is responsible for submitting required technical reports.

### **UNIVERSITY POLICY IMPLEMENTATION**

This *Manual* Chapter and [Chapter 6](#).

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F05 [Title 2 CFR Part 215](#) - Office of Management and Budget Circular No. A-110 - 215.71 Closeout Procedures

### **PURPOSE**

To prescribe uniform closeout procedures for federal grants and other agreements with recipients.

### **APPLICABILITY**

All federal agencies in their administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations. The term "other agreements" does not include procurement contracts, but does include cooperative agreements.

### **SUMMARY OF PROVISIONS**

Instructs federal agencies to establish closeout procedures according to the requirements listed in this Section. They include prompt payment to recipients, refund of unobligated balance, submission of final reports within 90 days of completion, and references to other related sections on property and audits.

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Individual agency guidelines.

### **PRIMARY UNIVERSITY RESPONSIBILITY**

The Campus Extramural Funds Accounting Office is responsible for financial closeout requirements. The Equipment or Materiel Management Office is generally responsible for completing the final inventory report. When title to equipment is not retained by the recipient, the Contract and Grant Office should request title at termination.

### **UNIVERSITY POLICY IMPLEMENTATION**

This *Manual* Chapter; *Accounting Manual* [Chapter F-351](#), Financial Control Accounts; Section J.IV of [Business and Finance Bulletin BUS-29](#), Management and Control of University Equipment.

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F06 [Title 2 CFR Part 215](#) - Office of Management and Budget Circular No. A-110 - 215.13 Debarment and Suspension and 215.61 Termination

### **PURPOSE**

To establish uniform suspension and termination procedures for federal grants and other agreements with recipients.

### **APPLICABILITY**

All federal agencies in their administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations. The term "other agreements" does not include procurement contracts, but does include cooperative agreements.

### **SUMMARY OF PROVISIONS**

Instructs all federal agencies to provide procedures, conditions, and standards for terminating a grant or other agreement when recipient has failed to comply. Gives examples of actions which agencies can implement. Instructs agencies to provide for systematic settlement of terminations including termination for cause or termination for convenience. Termination costs associated with federal awards are treated in 2 [CFR Part 220 Section J.50](#).

In addition, Federal agencies are instructed to comply with the nonprocurement debarment and suspension common rule implementing [Executive Orders 12549](#) and [12689](#). In effect, this means grant applicants must certify that neither they nor their principals are debarred or suspended before an award can be made.

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Individual agency guidelines.

### **PRIMARY UNIVERSITY RESPONSIBILITY**

Contract and Grant Officers are responsible for making sure any termination orders issued by a sponsor are consistent with the award terms and that all applicable termination costs are reimbursed. They are also responsible for ensuring that Principal Investigators are not debarred or suspended at the time a proposal is submitted. OP RPAC is responsible for monitoring the Federal debarment list to make sure no University of California principals (Regents, Officers, and Chancellors) appear on the list.

### **UNIVERSITY POLICY IMPLEMENTATION**

Guidance is issued as necessary via RPAC (Contract and Grant) Memos.

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F07 [Title 2 CFR Part 215](#) - Office of Management and Budget Circular No. A-110 - 215.12 Forms for Applying for Federal Assistance

### **PURPOSE**

To publish [Standard Form SF 424](#), Assurances – Non-Construction Programs, to be used by public and private institutions of higher education as a face sheet for applications for federal grants for programs covered by [Executive Order 12372](#) (which replaced OMB Circular A-95) as described in [2-F03](#).

### **APPLICABILITY**

All federal agencies in their administration of grants to, and other agreements with, public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations. The term "other agreements" does not include procurement contracts, but does include cooperative agreements.

### **SUMMARY OF PROVISIONS**

Promulgates a [Standard Form \(SF 424\)](#) to be used for applying for federal grants and cooperative agreements. However, many agencies have developed and use their own application forms in place of SF 424. Allows use of this form to fulfill the requirements of [Executive Order 12372](#) if submitting notification to local or State clearinghouses.

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Individual agency guidelines.

### **PRIMARY UNIVERSITY RESPONSIBILITY**

Officers may submit this form to the [State "single point of contact"](#) for applications which are required to be reviewed under [Executive Order 12372](#).

### **UNIVERSITY POLICY IMPLEMENTATION**

Guidance is issued as necessary via RPAC (Contract and Grant) Memos.

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F08 [Office of Management and Budget Circular No. A-102](#). Uniform Administrative Requirements for Grants-In-Aid to State and Local Governments.

### **PURPOSE**

To establish standards for consistent and uniform administration of federal agency grants to state, local, and federally recognized Indian tribal governments.

### **APPLICABILITY**

State, local, and federally recognized Indian tribal governments.

### **SUMMARY OF PROVISIONS**

The standards promulgated in this Circular cover financial records, insurance, reporting, property and procurement administration requirements for state, local, and federally recognized Indian tribal governments which receive federal grants-in-aid.

### **LEAD AGENCY**

[Office of Management and Budget](#)

### **IMPLEMENTING REGULATIONS**

Individual agency guidelines

### **PRIMARY UNIVERSITY RESPONSIBILITY**

This Circular may be referred to in State or local agreements with the University that are funded by federal flow-through dollars, since the State or local agency would be subject to A-102. However, since the University is subject to Title 2 CFR Part 215 - A-110, references to A-102 should be deleted from such agreements, or at least it should be understood by both parties that references to A-102 are interpreted as references to A-110.

### **UNIVERSITY POLICY IMPLEMENTATION**

None.

## **EXTERNAL REQUIREMENTS--FEDERAL**

2-F09 [FAR 15.403](#) – Obtaining Cost or Pricing Data and [DFARS 215.403-1](#) – Prohibition on Obtaining Cost or Pricing Data

### **PURPOSE**

To enable the Federal Government to negotiate fair and reasonable prices with an offeror or contractor.

DFARS [DFARS 215.403-1](#) exempts non-profit educational institutions and other non-profit organizations from the requirement to sign the Certificate of Current Cost or Pricing Data for DOD agencies.

### **APPLICABILITY**

Federal contracts or subcontracts expected to exceed \$650,000.

### **SUMMARY OF PROVISIONS**

[FAR 15.403](#) requires the offeror to certify that the cost or pricing data in a proposal are accurate. Specific data could potentially be requested to back-up a proposed budget.

DOD has exempted non-profit institutions from the requirement to sign the Certificate.

### **LEAD AGENCY**

[Office of Federal Procurement Policy](#)

### **PRIMARY UNIVERSITY RESPONSIBILITY**

Contract and Grant Officers must sign certificates when required by other than DOD agencies for contracts or subcontracts over \$650,000. Exemptions are possible when there is adequate price competition as defined under Section [15.403-1](#).

### **UNIVERSITY POLICY IMPLEMENTATION**

Guidance is issued as needed via RPAC (Contract and Grant) Memos.

## EXTERNAL REQUIREMENTS—FEDERAL

### 2-F10 Federal Laws and Regulations Applicable to Federally-Sponsored Contracts, Grants and Cooperative Agreements

#### [Comptroller General Decision B-166506](#)

In this decision dated July 15, 1975, the Comptroller General of the United States stated that:

[W]e have consistently held that, when Federal grant funds are granted to and accepted by the grantee, the expenditure of such funds by the grantee for the purposes and objects for which made are not subject to the various restrictions and limitations imposed by Federal statute or our decisions with respect to the expenditure, by Federal departments and establishments, of appropriated moneys in the absence of a condition of the grant *specifically* providing to the contrary (emphasis added.)

This decision protects the University from being held accountable for having to be aware of and comply with restrictions that apply to appropriated funds if such restrictions have not been specifically mentioned in the grant terms and conditions.

Federal laws and regulations are incorporated into federal grants, contracts and cooperative agreements in a variety of ways.

In federal contracts,

- [Federal Acquisition Regulation \(FAR\) clauses](#) as well as individual federal agency implementations of the FAR incorporate federal laws and regulations into federal contracts.
- The federal government [On-Line Representations and Certifications \(ORCA\)](#) provides a centralized website for federal contractors to annually accept all applicable federal representations and certifications for federal contracts.
- Any additional requirements are set forth in the contract itself.

For federal grants and cooperative agreements,

- Applicable federal laws and regulations are set forth in individual agency grant manuals.
- Additional federal requirements are set forth in the [Standard Form SF 424](#), Assurances - Non-Construction Programs.
- [Title 2 CFR Part 215](#), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations (OMB Circular A-110) sets for the uniform federal administrative requirements for federal grants and cooperative agreements.

- Regulation establishing standards and procedures to be followed by Institutions that apply for research funding from PHS granting agencies, including the NIH ([42 CFR, part 50, subpart E](#)).
- Food and Drug administration regulation regarding financial disclosure by clinical investigators ([21 CFR 54.1 -54.6](#)).
- National Science Foundation conflict of interest policies for grantees ([NSF Award and Administrative Guide Chapter IV. A.](#)).
- Any additional requirements are set forth in the grant or cooperative agreement itself.

#### PRIMARY UNIVERSITY RESPONSIBILITY

Contract and Grant Officers are responsible reviewing for contract clauses and grant terms in accordance with University guidance for applicability and acceptability in accordance with University-wide guidance. The OP RPAC provides systemwide guidance on federal laws and regulations, contract clauses and grant terms.

#### UNIVERSITY POLICY IMPLEMENTATION

Systemwide guidance on FAR clauses is provided on the [OP Research Policy, Analysis and Coordination \(RPAC Research Administration\) website](#).

Systemwide guidance on representations and certifications is provided on the [OP RPAC \(Research Administration\) website](#).

Additional systemwide guidance is issued as needed via RPAC ([Contract and Grant](#)) Memos.

## **EXTERNAL REQUIREMENTS—STATE**

### [2-S01 State of California Political Reform Act of 1974: 2010 Version](#)

#### **PURPOSE**

Requires certain public officials deemed likely to engage in decisions where there may be a conflict of interest to file financial disclosure statements.

#### **APPLICABILITY**

All public officials including University employees.

#### **SUMMARY**

As applied to University of California employees, the regulations require a Principal Investigator to disclose whether he/she has a direct or indirect financial interest in the sponsor of research which is funded or supported in whole or in part by (a) a contract or grant from a non-governmental entity sponsor or (b) by other funds from a non-governmental entity which are earmarked by the donor for a specific research project or a specific researcher.

#### **LEAD AGENCY**

Fair Political Practices Commission

#### **IMPLEMENTING REGULATION**

[California Administrative Code, Title 2, Division 6, Section 18755](#)

#### **PRIMARY UNIVERSITY RESPONSIBILITY**

Principal Investigators must submit a Statement of Economic Interests with a proposal or award for which disclosure is required to their campus review committee. This committee makes a recommendation to the Chancellor, Laboratory Director, or the Vice President - Agriculture and Natural Resources, as appropriate, on each disclosure who then decides whether to accept this recommendation.

#### **UNIVERSITY POLICY IMPLEMENTATION**

The University of California policy on [Disclosure of Financial Interest in Private Sponsors of Research](#), APM-028, issued April 29, 2010, [Statement of Economic Interests for Principal Investigators, FPPC Form 700-U \(replaces Form 730-U effective February 6, 2009\)](#), and [University Policy on Disclosure of Financial Interests and Management of Conflicts of Interest Related to Sponsored Projects \(effective October 1, 1995; revised October 15, 1997; technical revisions February 1, 2009\)](#).