

Cost Principles for Industry Awards

Katie Hudson, CGA

Henry Chan, BRS

Kate Lewis, IAO

Agenda

- General Cost Principles
 - Fixed Price vs. Cost Reimbursement
 - Indirect Costs
 - Return of funds
 - Prior approval
- Travel Policy
- Equipment
- Potential Problems

Cost Principles

What is the typical contract type for industry sponsored research? Are these usually fixed price contracts?

If my award has a payment schedule or up front payments, does that mean that it is fixed price?

What happens when a sponsor is not paying?

My PI told me that his new industry award is basically unrestricted. How do I find out more information?

Indirect Costs

In brief: we are expected to follow the university's federally-negotiated indirect cost rate agreement (NICRA) whenever possible. Under select circumstances, waivers can be considered, but they always require approval from the AVC-RAC.

Select scenarios in which full NICRA recovery might considered for waiver:

- Call for proposals/RFP has an overhead limit **-and-**
- Funding is for a humanitarian purpose (like saving the bees) or supporting DBEIJ efforts (like advancing female-identifying researchers in STEM fields) or like purpose **-and-**
- Funding does not come with intellectual property obligations to the sponsor

****SEE <https://ipira.berkeley.edu/facilities-and-administrative-costs> ****

Indirect Costs

My PI told me they have a new proposal for Google, and the IDC rate is 30% because that is what Stanford charged. What should I do?

My PI is applying for a Johnson and Johnson Wi2STEM award, which is a limited submission. The sponsor policy is 0% IDC, and the award is to support the early career of women in STEM fields. What should I do?

Return of funds

My PI has an award, and it is silent on whether or not we have to return funds. What should I do?

My PI has a fixed price award, and she wants to transfer the balance to an unrestricted fund. What are the next steps?

[Disposition of Unexpended Balances on Fixed Price Contracts & Nonrefundable Grants](#)

[BFB-A-47 Direct Costing Procedures](#)

Prior Approval

Industry agreements are not always clear about which situations warrant obtaining prior approval from the sponsor for changes in the project's activities or the approved budget.

- My PI wants to change budget categories from student salary and tuition to equipment. Is this allowable?
- How should I submit requests for prior approval?

Sponsor travel policy/procedures

My PI's award requires that we abide by their travel policy. What should I do?

The award also requires that the PI and research team use the sponsor's travel app so that they can book the travel for us. How can this affect their conflict of interest reporting?

Equipment

My award does not allow equipment to be charged, and my PI now needs to purchase equipment. What should I do?

My award says that the company retains title to equipment purchased that has a value over \$5,000. What should I do?

The sponsor approved rebudgeting from the equipment category to travel. What should I keep in mind?

Potential Problems

Small business sponsor under a SBIR prime award started missing payments, and then they tried to renegotiate the payment schedule. How do we proceed? What is our responsibility to the federal government?

The agreement says that payments are based on deliverables or reports. How does CGA know when it is time to invoice?

The company said that they will not pay because they do not like the deliverables. What should I do?

References

I am not sure how to move forward. What should I do?

CGAawards@berkeley.edu

IAO@berkeley.edu

spoawards@berkeley.edu