

MEMORANDUM

TO: All UTA Faculty and Staff

FROM: Keith McDowell
Vice President for Research and Information Technology

DATE: July 25, 2001

RE: Fixed Price Contracts

At the present time, the policy at UTA regarding unexpended funds at the close of a fixed price contract is that these funds are distributed directly to the PI without the removal of indirect costs. One problem with this policy is that it is possible to create discretionary research accounts by using UTA resources to service the contract while charging very little to the contract. Indirect charges are only assessed on expended funds, so it is possible to move essentially all of the money in a fixed price contract to a discretionary account. Although "rainy day" accounts have some merit, UTA as an institution and the PIs as individuals are faced with possible charges of fraud and malfeasance if significant portions of fixed price contract funds are diverted to discretionary accounts while using UTA resources to satisfy the contract.

In an effort to properly control and monitor fixed price contracts, UTA will henceforth charge indirect costs at the prevailing rate of the contract to all unexpended funds at the close of a fixed price contract and will transfer the remaining unexpended funds to the Dean of the College or School where the PI resides. At the discretion of the Dean, these funds will be returned to the PI.