

**Office of Sponsored Programs & Research**  
**Fixed Price Residual Balances Policy**

**I. POLICY STATEMENT**

This policy defines procedures that provide access to residual balances in restricted fixed price Sponsored Programs agreement accounts.

**II. POLICY PRINCIPLES**

This policy ensures that the expenditure of residual balances is not prohibited by the sponsor's policy.

**III. EFFECTIVE DATE**

January 2019

**IV. APPLICABILITY**

This policy applies to Principal Investigators and his/her responsible department as well as Restricted Accounting.

Principal Investigators (PI's) and his/her responsible department:

- Review awarding agency's requirements, including scope of work, period of performance, rules on budgets and expenditures, cost sharing, technical reporting requirements, and final reporting deadlines
- Ensure that salary distribution is given to proper administrative personnel at the appropriate time for any employees or students who are to be paid from the contract/grant
- Schedule expenditures to match the period of performance of the award. Ensure that all project expenditures are properly recorded
- Pay all bills promptly and ensure that the recording of actual costs is consistent with the approved budget and 2 CFR Part 200
- Confirm that all work has been completed and no outstanding items remain open or in question with the sponsoring agency
- Verify that all deliverables (technical reports, tangible items) have been received and accepted by the sponsoring agency
- Ensure final payment has been received from Sponsor.

Contracts and Grants Accounting:

- Review awards for financial reporting requirements
- Prepare and submit interim and final financial reports based on the information in the University's accounting records and on special agency requirements.

## **V. POLICY MANAGEMENT**

Responsible Office: OSPR and Restricted Accounting

Responsible Officer: Director, OSPR & Restricted Accountant

Responsible Executive: Vice President of Financial Affairs & Comptroller

## **VI. DEFINITIONS**

**2 CFR Part 200** - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**F&A** - Facilities and Administrative costs or Indirect Costs. A federally-negotiated and approved rate applied to contract/grant funds for costs incurred for common or joint objectives that cannot be readily or easily identified with a particular sponsored project or cost objective.

**Fee-for-Service** - A sponsored agreement or contract whereby the sponsor agrees to pay a firm price for agreed upon services or performed tasks.

**Fixed Price Agreement** - A sponsored agreement or contract whereby the sponsor agrees to pay a firm price for an agreed upon deliverable or product.

**No Cost Extension** - Project award end date is extended in order to complete the scope of work with sufficient justification.

**Residual balance** - An unobligated, unspent balance remaining in a fixed price account at the end of the period of performance. A residual balance occurs when the payments received from the sponsor exceed the expenses recorded.

## **VII. POLICY PROCEDURES**

Payment for a fixed-price contract is based on successfully providing the goods or services agreed to in the contract. A fixed-price contract is not adjusted when it actually costs more or costs less to complete the project than the price initially agreed upon. One of the greatest benefits of fixed-price contracts is the reduced amount of administrative burden for the University and the funding agency.

It is very important that all fixed-price contracts be clearly identified as such in the written agreement. All projects costs, including indirect costs, are to be charged to the contract/grant account. Indirect costs, at Federally-approved rates, should be included in the proposal or contract budget and subsequently charged to the account.

The PI has 120 days from the award end date to request in writing to OSPR to close or extend the project account. A no cost extension may be granted with sufficient justification approved by OSPR Director. PI request a close out of the account and 25% of the award remains, the PI must have written verification that sponsor is satisfied with deliverable AND an explanation by the PI why work performed was significantly under budget proposed. Failure to submit requests by the 120 day deadline may result in account full seizure by administration.

Prior to accounts being completely closed the PI will verify that all expenses were properly allocated. The University's full indirect cost rate will be applied, even if the agreement previously used a different rate. Any remaining funds will be allocated 10% to PI/Department; 45% to OSPR; and 45% to Administration. Any sponsored agreement accounts with funds of \$500 or less remaining will be fully allocated to Administration. Restricted Accounting will notify departments regarding indefinite accounts with small balances and requests that they close out the accounts as soon as possible. Note that Restricted Accounting will be authorized to close out accounts with balances less than or equal to \$500 which remain 60 days after notification. The department responsible for the account will forfeit the balance.

#### **VIII. SANCTIONS**

N/A

#### **IX. EXCLUSIONS**

This policy applies to all sponsored agreements. Any exceptions shall be reviewed by the offices of the Vice President Financial Affairs and the Director of Sponsored Programs and Research, or other designee and may be granted on a case-by-case basis.

#### **X. INTERPRETATION**

The offices of the Vice President for Financial Affairs and the Director of Sponsored Programs and Research, or other designee will determine appropriate application for each contract, grant or cooperative agreement involved.