

Fixed Price Residual Balances Policy

I. POLICY STATEMENT

This policy defines procedures that provide access to residual balances in restricted fixed price FOAPs.

II. POLICY PRINCIPLES

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

III. EFFECTIVE DATE

October 1, 2016

IV. APPLICABILITY

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

Principal Investigators (Pis) 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

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: Contracts and Grants Accounting

Responsible Officer: Director, Contracts and Grants Accounting

Responsible Executive: Vice President for Business & Finance and CFO

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.

FOAP is the Fund, Organization, Account, and Program code used to record financial transactions in Banner.

Residual balance - An unobligated, unspent balance remaining in a fixed price FOAP 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.

In cases where money remains in an account after a fixed-price project has been complete, all bills have been paid, and all payments have been received from the sponsor, the University may allow the administering department to use the funds. To accomplish this, a request for extension of the end date to "indefinite" should be sent to the Office of Sponsored Programs. This request should state that the project has been completed.

From this point forward, the responsible department can spend the remaining funds on related expenditures. After most of the funds are expended, some accounts with very small balances remain open for several years. Contracts and Grants Accounting will notify departments regarding indefinite accounts with small balances and requests that they close out the accounts as soon as possible.

Note that Contracts and Grants Accounting will be authorized to close out accounts with balances less than or equal to \$1,000 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 for Business & Finance and CFO, Director of Contracts and Grants Accounting, or other designee and may be granted on a case-by-case basis.

X. INTERPRETATION

The offices of the Vice President for Business & Finance and CFO, Director of Contracts and Grants Accounting, or other designee will determine appropriate application for each contract, grant or cooperative agreement involved.