

POLICY MEMORANDUM

No. III-25

Transfer of Fixed Price Contract Residuals

Purpose

Significant residual balances at the close of a fixed price contract are not desirable. This policy is meant to strengthen accountability, provide for accurate budgeting, ensure accurate reflection of effort, and lower the risk of non-compliance.

General Guidelines

In accordance with Grant Policy 27007, when a Fixed Price Contract is complete, a research administrator from the Office of Sponsored Programs (OSP) will obtain certification of final expenses from the Principal Investigator (PI). The PI will certify that all expenditures charged to the award were allowable, reasonable, and allocable in accordance with the provisions of the award, and accounting corrections have been or will be made in compliance with Grant Policy 27002. OSP staff will ensure that the institution recovers all indirect costs and any direct costs that were budgeted for in the contract but paid out of institutional funds. OSP staff will verify the final expenses with the PI and the PI's departmental administrator. If there are more than one PI, all PIs must participate in the process. If PIs are from different colleges, the respective deans must participate in the process.

NOTE: Industry consortia fixed price contracts are considered complete only after the company terminates its membership.

Residual Balance –Less or equal to \$1,000

The residual balances automatically reverts to the PI.

Residual Balance –Less than 20% of total project budget OR less than or equal to \$10,000, whichever is larger

OSP will transfer the residual balance to a discretionary account designated by the administering department's department chair or their delegate, using the same distribution of effort indicated in the original PSRS.

Residual Balance –More than or equal to 20% of total project budget AND more than \$10,000

OSP will transfer a portion of the residual balance equal to 20% of the total project budget OR \$10,000 to a discretionary account designated by the administering department's department chair or their delegate. OSP will transfer the remaining difference to discretionary accounts designated by the administering college or unit's dean or vice chancellor, or their delegate, using the same distribution of effort indicated in the original PSRS.

The appropriate administering representative(s) may request the discretionary accounts to fund additional research activities that are consistent with the scope of the original program. Funds remaining in the discretionary accounts will be used for other research expenses.

Example 1. Consider a \$ 300,000 fixed price grant.

Case a. The residual is \$ 59,000. This falls under “Less than 20% of the total budget. \$59,000 (less F&A, 55%) would be transferred to the Department (\$38,064) and nothing to the Colleges.

Case b. The residual is \$61,000. This falls under “More than or equal to 20% of the total budget”. \$60,000 (less F&A, 55%) would be transferred to the Department (\$38,710) and \$1,000 (less F&A) will be transferred to the College

Example 2. Consider a \$ 40,000 fixed price grant.

The residual is \$9,000. Because this is larger than 20% of the total budget but less than \$10,000, \$9,000 (less F&A) would be transferred to the Department (\$ 4,050).

EFFECTIVE DATE: June 1, 2020

RESPONSIBILITY: Vice Chancellor for Research and Dean of Graduate Studies

BASIS: Accounting Procedures Manual 60.16



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