

Residual Balance on Sponsored Awards

Policy Owner:	Effective Date:	July 1, 2016
Office of the Vice Provost for Research	Last Updated:	June 23, 2017
Policy Contact:		
Associate Vice Provost for Research Administration & Development		

REASON FOR POLICY

This policy governs disposition of unspent balances that may remain on fixed price, fixed fee, and fee-for-service awards after satisfactory completion of the work and submission of all required deliverables per the terms of the agreement.

POLICY PRINCIPLES

Cost reimbursable awards always require residual funds on sponsored awards to be returned to the sponsor upon completion of the award. For fixed price, fixed fee, and fee-for-service awards, the University is often permitted to retain the unspent balance after the work is completed. However, if the cost of the project exceeds the awarded amount, the University must absorb the additional costs required to perform the work.

The conditions of the award with regard to an unspent balance may be specified in the award notice or the agreement between the University and the sponsor, an amendment to the award, or correspondence from the sponsor. In the absence of explicit terms in the agreement providing for the return of funds, the OVPR Pre-Award Office will make a determination regarding the treatment of unspent balances. If clarification from the sponsor is deemed necessary, Pre-Award will notify the Principal Investigator (PI) and the local research administrator prior to engaging with the sponsor.

At the conclusion of a fixed price, fixed fee, or fee-for-service award, regardless of the residual amount, the PI will be asked to confirm in writing to the OVPR Post-Award office that all reports and any other deliverables required by the agreement have been provided to and accepted by the sponsor. Upon written receipt of that confirmation, the balance remaining in direct costs as of the project end date will be moved to a non-sponsored account (DeptID) as designated by the PI. The balance remaining in F&A if applicable will be moved to a school DeptID.

In cases in which the residual balance is large (in total and/or as a percent of the total award) a written justification to Post-Award is required from the PI explaining why the balance is large. The thresholds for this written justification are shown in the table below.

Residual Balance Amount	Residual Balance % of total award	Written justification from PI	Other required approvals
Under \$10,000	Any	Not Required	Not Required

\$10,000 - \$50,000	25% or less	Not Required	Not Required
\$10,000 - \$50,000	Exceeds 25%	Required	OVPR Post-Award
\$50,000 - \$100,000	25% or less	Not Required	Not Required
\$50,000 - \$100,000	Exceeds 25%	Required	Associate Vice Provost for Research Administration & Development Executive Administrative Dean
Exceeds \$100,000	Any	Required	Associate Vice Provost for Research Administration & Development Executive Administrative Dean

The transfer will be initiated when all of the following conditions are met:

- All award deliverables have been provided to the sponsor.
- All direct charges and project revenue are accounted for properly.
- All F&A costs have been applied in accordance with the awarded rate.
- All award payments have been received from the sponsor.
- All award closeout documents have been provided to and accepted by SPA.

Retained balances are considered institutional funds and should be used in accordance with University policies.

Principal Investigators and administrators must prepare accurate realistic budgets to capture all resources necessary for the work to perform the project. Significant residual balances on fixed price, fixed fee, or fee-for-service sponsored awards may call into question the validity of the proposed budget and potentially affect the University tax exempt status.

DEFINITIONS

Fee-for-Service— a sponsored agreement or contract in which the sponsor agrees to pay a predetermined price for an agreed upon service or tasks performed.

Fixed Fee – the agreed upon cost of individual activities identified in an award. The most common use of fixed fee activities is that associated with a clinical trial where the sponsor and the University agree to per-patient payment or on set fees for tests or specific milestones as services are provided. Billing for these awards is based on the set fee per unit of service (for example, number of patients enrolled, office visits that took place, samples analyzed, or scans performed).

Fixed Price - an award in which the sponsor agrees to pay a predetermined price for an agreed upon product or deliverable.