

 <b>Research &amp; Sponsored Programs</b> UNIVERSITY OF DENVER	<b>Office of Research and Sponsored Programs Policy Manual</b>  <b>Residual Balances on Fixed Price Awards</b>
Supersedes Document Dated: 07/01/2017	Policy Number: ORSP-25
<b>Recommended By:</b> Director of Sponsored Programs Administration; Sponsored Programs Academic Research Council <b>Approved By:</b> Senior Vice Provost for Research and Graduate Education	Effective Date: 07/01/2023

## 1. PURPOSE

To establish procedures for the timely closure of completed Fixed Price Awards and the reconciliation of any unexpended external funds. Fixed Price Awards require detailed and accurate budgets to ensure proper stewardship of project funds. When projects have significant Residual Balances, justification from the Principal Investigator is required to ensure accordance with the terms and conditions of the agreement. Significant Residual Balances on Fixed Price Awards may call into question the validity of the proposed budget, scope of work, effort committed, and the proper allocation of project expenditures.

## 2. DEFINITIONS

- 2.1. Principal Investigator is a University employee that leads a given program or project and is responsible for the design, conduct, and reporting of research or other activity described in the grant, contract, award, or other instrument of agreement.
- 2.2. Sponsored Programs are programs or projects that are funded by an external entity through a written agreement (grant, contract, award, or other instrument) with the University. Sponsored Programs include research, service, training, or other sponsored activities.
- 2.3. Fixed Price Awards are written agreements (grant, contract, award, or other instrument) under which the sponsoring entity provides an award for a set amount without regard to the actual costs incurred to complete it.
- 2.4. Residual Balances are the unobligated, unspent balances remaining on Fixed Price Awards at the conclusion of the period after all project costs have been allocated, all financial obligations have been met, and all performance has been accepted by the sponsoring entity.

## 3. POLICY

- 3.1. Criteria for Residual Balance transfer one hundred and twenty (120) days after the end date:
  - 3.1.1. The Fixed Price Award allows for the University to keep the Residual Balance.
  - 3.1.2. Fulfillment of all performance and acceptance by the sponsoring entity.

- 3.1.3. All expenditures are properly accounted for and reconciled in the University's financial management system (Banner).
- 3.2. Full indirect costs (F&A) will be deducted from the Residual Balance prior to the transfer. The full F&A rate will only be applied on the Residual Balance, not on direct costs expended under the award.
- 3.3. A Residual Balance that meets the criteria of section 3.1 above and does not exceed twenty-five percent ( $\leq 25\%$ ) of the total award amount may be transferred into a designated fund of the Principal Investigator's choosing.
- 3.4. A Residual Balance that meets the criteria of section 3.1 above and does exceed twenty-five percent ( $> 25\%$ ) of the total award amount will only be transferred to a designated fund of the Principal Investigator's choosing upon approval of the Vice Provost for Research (Vice Provost), utilizing the process contained in section 4.3 below.

#### **4. PROCESS**

- 4.1. One hundred and twenty (120) days after the end date of the award, ORSP will send the Transfer Form to the Principal Investigator and charge indirect costs at the full F&A rate on the Residual Balance.
- 4.2. When the Residual Balance represents less than or equal to twenty five percent ( $\leq 25\%$ ) of the total award amount and the criteria of section 3.1 above have been met, ORSP will transfer the Residual Balance less than or equal to twenty five percent ( $\leq 25\%$ ), less full F&A, to a designated fund of the Principal Investigator's choosing.
  - 4.2.1. The Principal Investigator will obtain signatures from their Dean or Director and Business Officer on the Transfer Form and notify ORSP.
- 4.3. When the Residual Balance represents greater than twenty five percent ( $> 25\%$ ) of the total award amount and the criteria of section 3.1 above have been met, ORSP will transfer the Residual Balance of greater than twenty five percent ( $> 25\%$ ), less full F&A, into a holding fund.
  - 4.3.1. The Principal Investigator will obtain signatures from their Dean or Director and Business Officer on the Transfer Form.
  - 4.3.2. The Principal Investigator will use the Transfer Form to request from the Vice Provost approval to transfer the Residual Balance greater than twenty-five percent ( $> 25\%$ ), less full F&A. The justification should provide an explanation so that any outside party who is reviewing the financial documentation will understand the deviation.
  - 4.3.3. Upon approval of the request by the Vice Provost and notification to ORSP, the funds will be transferred to a designated fund of the Principal Investigator's choosing.
  - 4.3.4. Should the Vice Provost deny a request for any reason, the funds will be transferred to a designated fund of the Vice Provost's choosing.

#### **5. RESOURCES**

- 5.1. Uniform Administrative Requirements, Indirect (F&A) Costs – 2 CFR § 200.414

Residual Balances on Fixed Price Awards		
	<b>Example &gt; 25%</b>	
Total Award Amount	\$ 100,000.00	
<b>Residual Balance</b>	<b>\$ 30,000.00</b>	
Percentage of Total Award Amount	30.0%	> 25%
Full F&A Rate (Industry)	57.6%	
<b>F&amp;A Residual Transfer</b>	<b>\$ 17,280.00</b>	= 30,000 X 57.6%
<b>Remaining Residual Transfer</b>	<b>\$ 12,720.00</b>	= 30,000 - 17,280
	Signatures Needed: Dean/Director and Business Officer	
	<b>Approval Needed &gt; 25%: Vice Provost</b>	