

STANDARD ADMINISTRATIVE PROCEDURE

15.01.01.M1.02 Residual Balances from Fixed Price Sponsored Agreements

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Standard Administrative Procedure Statement

At the completion of a fixed price sponsored agreement, a balance may remain. After the work is completed and the agreement and project account is reviewed for any outstanding commitments, the unspent balance may be transferred to another account where it becomes an unrestricted source of funding for the institution.

Reason for Standard Administrative Procedure

This procedure is needed in order to:

- strengthen accountability and use of funds;
 - accurately budget and record costs for fixed price agreements;
 - report appropriate level of effort on the project by the principal investigator or other project personnel; and
 - minimize risk of non-compliance.
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Acronyms

FAMIS – Financial Accounting Management Information System

OVPR – Office of the Vice President for Research

PI – Principal Investigator

SRS – Texas A&M Sponsored Research Services

TAMU-Finance – Division of Finance, Financial Management Operations-Reporting

Official Procedure

1. GENERAL

- 1.1 A fixed-price award is any sponsored agreement between the university and an external sponsor, where the University agrees to perform specific project deliverables within a specified project period for a fixed price and the Sponsor does not require the University to return any unexpended funds at the conclusion of this type of project. If the project deliverables are not completed within the agreement period, the agreement period end date should be extended with the sponsor's approval.
- 1.2 Fixed price project costs should be judiciously estimated at the proposal budget stage so that actual costs closely match the total budgeted amount for the project. When there is a substantial remaining balance, it could indicate that either the budget was not priced correctly, or that the costs to perform the work have not been correctly allocated. With accurate budgeting and charging of project costs, a significant surplus of funds would normally not remain.
- 1.3 Fixed-price sponsored agreements may result in a residual balance when the actual costs are less than the amount received from the sponsor. The PI should ensure that all costs for the fixed price project have been allocated to the account. If there is a balance remaining after the work has been completed and the final technical deliverable has been submitted to the sponsor, and all costs have been recorded in the account and cost-sharing (if any, have been documented), the remaining direct balance will be considered for transfer from the restricted fixed price account to an unrestricted departmental residual account based on the established procedure and approval by the OVPR as described in Section 2.
- 1.4 The departmental residual accounts are in the designated account grouping and the FAMIS account numbers begin with 235xxx.

2. PROCEDURES AND ASSOCIATED RESPONSIBILITIES

2.1 Responsibilities:

	Direct Balance Remaining is < 25% of Direct Costs	Direct Balance Remaining is > 25% of Direct Costs
OVPR	<ul style="list-style-type: none"> Establish new residual accounts 	<ul style="list-style-type: none"> Establish new residual accounts Review and approve for institutional risk
SRS or FMO	<ul style="list-style-type: none"> Prepare and transfer remaining balance 	<ul style="list-style-type: none"> Review and approve justification for project compliance Prepare and transfer remaining balance
PI	<ul style="list-style-type: none"> No justification <u>required</u> 	<ul style="list-style-type: none"> Justification required
IDC	<ul style="list-style-type: none"> Prior to distribution of the direct balance, the full applicable IDC rate will be assessed on the remaining direct balance 	<ul style="list-style-type: none"> Prior to the distribution of the direct balance, the full applicable IDC rate will be assessed on the total direct proposed project budget

2.2 Justification Required for Balance Remaining > 25%: When there is a balance remaining of more than 25% of the direct costs, a written justification from the Principal Investigator is required before any remaining funds are transferred to the residual balance account. The justification should be provided to the administering office SRS, TAMU – Finance, and OVPR (for SRS administered projects or research projects administered by TAMU). The justification should include the following:

- 2.2.1 an explanation of the reason for the remaining balance;
- 2.2.2 a statement certifying that all expenditures for the sponsored agreement have been appropriately charged to the account, including a percentage of PI salary and effort;
- 2.2.3 a statement certifying that all project deliverables (for example, progress and final reports) have been submitted to the sponsor;
- 2.2.4 confirmation that any committed cost sharing has been fulfilled; and
- 2.2.5 if the project involved one or more subawards, that all subrecipient deliverables and final invoice(s) have been submitted and accepted by the PI, and the subaward(s) closed out.

- 2.3 Transfer of Balance to Residual Account: All indirect costs in the project will be expensed at project closeout even if there is remaining direct cost in the budget which has not been spent.
- 2.3.1 If the direct balance remaining is < 25%, prior to distribution of the direct balance, the full applicable IDC rate will be assessed on the remaining direct balance.
- 2.3.2 If the direct balance remaining is > 25%, prior to the distribution of the direct balance, the full applicable IDC rate will be assessed on the total direct proposed project budget.
- 2.4 After the justification is approved by the OVPR, as the administering office (for SRS administered projects) and, if applicable, any additional costs are recorded, the remaining residual direct balance will be transferred to a departmental residual account and the IDC will be distributed through the normal distribution for Texas A&M.
- 2.5 Types of Expenditures from Departmental/PI Residual Accounts: Expenditures from residual accounts should benefit and promote the advancement of the mission of TAMU. Research residual funds are unrestricted and can be used for any official research use in compliance with TAMU disbursement guidelines. Residual funds remaining from research projects should be used by the department or PI for expenditures to further research programs of the PI's department. Please refer to Guidelines for the Disbursement of Funds at <http://disbursement.tamu.edu/purchase/general/>.
- 2.6 Time Period: Expenditures may be made from the residual accounts until all funds are expended.
- 2.7 Responsible Person: The responsible person for a residual account is the Department Head, Director or Head of the Unit, but can be delegated to the Principal Investigator, or other individual as determined by the Department Head.

Related Statutes, Policies, or Requirements

Supplements [System Policy 15.01](#) and [System Regulation 15.01.01](#)

Code of Federal Regulations Title 2: Grants and Agreements PART 200: 200.45 Fixed amount awards 200.201 (b) (1) Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts – Fixed Amount Awards Subpart E – Cost Principles, 200.401 Application (a) General

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OFFICE OF RESPONSIBILITY: Office of the [Vice President for Research](#)