

# UNIVERSITY RULE

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

*Approved March 6, 2000*

*Revised April 1, 2004*

*New Scheduled Review: Currently Under Review*

**Supplements [System Policy 15.01](#), [System Regulation 15.01.01](#), and [University Rule 15.01.01.M1](#)**

### 1. GENERAL

Fixed price sponsored agreements may result in a residual balance from the project when actual project costs are less than the full amount received from the sponsor. After all costs have been recorded in the project account and the account closed and if there is an available balance remaining, the remaining balance will be transferred to a departmental contract residual account. Residual accounts are in the restricted account grouping and the account numbers begin with 461xxx.

### 2. PROCEDURES

2.1 **Residual Account Set-Up:** Once the fixed price project account has been closed out (allow 90 days), Contract Administration will automatically prepare the necessary accounting entry to move the residual balance to the department's contract residual account.

2.2 **Types of Expenditures from Contract Residual Accounts:** Expenditures from these accounts should benefit and promote the advancement of the mission of the University. Contract residual funds are not considered to have the same characteristics as gift funds, and therefore may not be used for the same types of expenditures as gift funds. Expenditures from these accounts should follow disbursement guidelines as stated in "Guidelines for Disbursement for Funds" at [http://finance.tamu.edu/fmo/purchase/docs/disbursement\\_manual.pdf](http://finance.tamu.edu/fmo/purchase/docs/disbursement_manual.pdf). Refer to "Guidelines for Disbursement for Funds" for specific restrictions on employee gifts and awards, flowers, floral arrangements, and plants, food purchases, and memberships.

2.3 **Time Period:** Expenditures may be made from the contract residual account as long as there are funds available.

2.4 **Responsible Person:** The responsible person for a contract residual account is the dean, department head, or director.

### 3. CONTACT

Contact Janet Killion at (979) 845-0097 or by email at [jkillion@tamu.edu](mailto:jkillion@tamu.edu) should you have any questions on these procedures.

OFFICE OF RESPONSIBILITY: [Contract Administration](#)