

OFFICE OF SPONSORED PROGRAMS

Policy and Procedures

Date: October 2, 2007

OSP-08-01: Residual Revenue in Fixed Price Funds

1. Purpose

To establish a procedure which 1) provides access to residual revenue 2) ensures that the expenditure of such revenue is not inhibited by the former sponsor's requirements, and 3) documents that further expenditure is for approved purposes.

2. Policy

Revenues on firm fixed price projects which remain in a fund upon completion of the project, after all allocable expenditures have been charged to the fund, and after all indirect charges have been appropriately distributed, are made available to the fund's Principal Investigator to use for the approved purposes in support of on-going research. Use of such revenue is subject to internal University control, and is *not subject to the controls established by the sponsor in the initial award.*

3. Procedure

- A) When a fixed-price fund is completed and all sponsor requirements have been met, the Principal Investigator should provide a Residual Request Form (Attachment A) to the Post Award Administrator requesting that the residual revenue balance for direct cost be made available for expenditure. In the event that the total residual revenue is 25% or more of the award, the administrator will forward the request to the Director of Post Award for approval.

The Residual Request Form to the Post Award Administrator certifies the following:

1. All costs properly allocable to the effort have been charged to the fund according to applicable regulations, policies and procedures and that all obligations to the sponsor have been satisfied.
 2. Departmental concurrence in release of the residual revenue.
- B) Upon receipt of the Residual Request form providing the above information, the Post Award Administrator will prepare a journal entry to move the residual revenue balance for direct costs, leaving the credit side blank (when a new "Various" fund is required), and give it, along with the appropriate documentation, to the administrator of the "Various" funds. The administrator of the "Various" funds will work with the appropriate Processor to have a new "Various" fund established. After the new "Various" fund is available, the administrator of "Various" funds will complete the credit side of the journal entry, sending the original to the Controller's Office, and retaining a copy for the new "Various" fund file.

If the residual direct cost revenue balance is to be transferred to an existing "Various" fund, the originating Post Award Administrator will complete the entire journal entry, sending the original to the Controller's Office, and giving a copy to the administrator of "Various" funds.

The residual revenue balance for unexpended indirect costs will be transferred, based on the current indirect cost distribution rates, as follows:

- A. The department/college share (current indirect cost distribution percentages) to the appropriate overhead clearing fund (Attachment B)
- B. The balance of residual revenue allocated for indirect costs to OSP Residual Reserve for Write-Off as revenue (Attachment B)

If the residual request form is not submitted within 120 days of project completion, the Office of Sponsored Programs reserves the right to transfer the residual revenue to the OSP Residual Reserve for Write-Off and close the sponsored fund. If the sponsored fund is more than 90 days past the end date and the residual balance in the fund is \$25.00 or less, OSP reserves the right to move this balance to the OSP Residual Reserve for Write-Of and close the sponsored fund. OSP will not create a new fund for an amount of \$25.00 or less.

4. Definitions

- A. Fixed-Price Fund – A sponsored fund under which the deliverables and period of performance are clearly stipulated and for which the sponsor has agreed to pay a stipulated amount.
- B. Residual Revenue – Revenue remaining in a fixed-price fund after all obligations to the sponsor have been met and after all allocable costs for performance have been charged to the fund.

5. References

None

6. Approvals and Revisions

This procedure has been approved by the Director, Office of Sponsored Programs, on July 16, 2001.

Revisions for wording and to acknowledge changes in the overhead distribution rates made and approved by the Assistant Vice President for Sponsored Programs Administration, on October 2, 2007.

RESIDUAL FUNDS DISTRIBUTION

The unexpended indirect cost should be charged as follows:

A. Charge the sponsored fund for the Department share per current indirect cost distribution percentages as follows:

Debit: Account code OH140 (or other approved college distribution code; such as VBI, ILAR, etc.).

Credit: The appropriate indirect cost clearing account listed below:

Overhead Clearing Accounts

324882	Overhead Clearing – Federal – Instruction
324883	Overhead Clearing – Federal – Research
324884	Overhead Clearing – Federal – Public Service
324888	Overhead Clearing – State – Instruction
324889	Overhead Clearing – State – Research
324890	Overhead Clearing – State – Public Service
324894	Overhead Clearing – Local – Instruction
324895	Overhead Clearing – Local – Research
324896	Overhead Clearing – Local – Public Service
324913	Overhead Clearing – Private – Instruction
324915	Overhead Clearing – Private – Research
324916	Overhead Clearing – Private – Public Service

B. Charge as a debit to revenue the total residual indirect costs less departmental share as follows:

Debit: The sponsored fund Revenue Account Code

Credit: The OSP Residual Reserve for Write-off fund using the same Revenue Account as used in the debit fund.



RESIDUAL REQUEST FIRM FIXED PRICED CONTRACT

This form should be used whenever residual revenue is remaining from a firm fixed priced contract. Residual funds are defined as revenues remaining in a fund upon completion of the project and after all allocable expenditures have been charged including all indirect charges. Remaining indirect revenue will be distributed according to OSP procedure OSP-0841. All approved direct residual funding shall be transferred and budgeted as supplies.

FUND INFORMATION

Fund _____	Total Direct Awarded _____	Current Direct Balance _____	Residual _____ %
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DISPOSITION OF RESIDUAL BALANCE

I request that the remaining residual balance be transferred to the existing residual fund _____.

I request that the remaining residual balance be transferred to a new residual fund.

OSP POST-AWARD ADMINISTRATOR

Name of OSP post-award administrator (if known) _____

EXPLANATION OF REMAINING RESIDUAL BALANCE

Please explain the current direct residual balance if it exceeds 25% of the total direct awarded amount.

REQUIRED SIGNATURES

By signing below, the principal investigator certifies that all work has been completed to the sponsor's full satisfaction and that all charges, including all direct labor effort, have been charged to the project.

Principal Investigator	Date	Dept Head / Director	Date	Dean / VP (if required)	Date
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OSP Use Only

Reviewed _____

Director's Approval (if required) _____