SPONSORED PROGRAMS AND GRANTS MANAGEMENT

Policy and Procedures

Date:  August 4, 2005

Subject:  Residual Revenue in Fixed Price Accounts

I. Purpose

To set forth the procedures for closing fixed price accounts and the timetable for disbursing any residual funds in these accounts.

II. Policy

Money which remains in a fixed price account after the end date of the project, after all allocable expenditures have been charged to the account, and after all indirect charges have been appropriately applied, may be used by the account's Principal Investigator in support of professional activities, over a period of six (6) months following the end date of the project. During this six-month period, indirect costs are applied at the approved rate. At the end of the six months, remaining funds are transferred to the appropriate vice president, less any applicable indirect costs. Once transferred to the vice president, the remaining money is no longer subject to the controls established by the sponsor in the initial award.

III. Procedure

A. When a fixed-price project is over in accordance with the project end date, all costs properly allocable to the project have been charged against the account, and all sponsor obligations have been satisfied (including any final reporting), the Grants Specialist will contact the Principal Investigator by email or in writing. This will generally occur within one month of the end-date for the project. In this correspondence, the Grants Specialist will advise the Principal Investigator that he/she has six (6) months from the project end date to spend the residual funds in his/her account. (In the event that the total residual revenue is 25% or more of the award, the Grants Specialist will advise the Executive Director, Sponsored Programs and Grants Management.) The Grants Specialist will extend the project for six months to permit expenditures for professional purposes. During this time, the PI may continue to contact the Grants Specialist for budget changes.

B. At the end of the 6-month extension period, the Grants Specialist will transfer any balance remaining in the fixed price account to the appropriate vice president’s residual account, less the amount budgeted for unexpended indirect costs. The vice president’s office will be sent information on the PI, Department, amount, and date of transfer. When the revenue is transferred to the vice president, the unexpended indirect costs will be dispersed in accordance with the University’s current formula for indirect costs distribution. The fixed price sponsored project will be closed.

C. Funds remaining in fixed price accounts that ended prior to August 15, 2005, will be transferred beginning February 16, 2006.

IV. Definitions

A. Fixed-Price Account – A sponsored project under which the deliverables and period of performance are clearly stipulated and for which the sponsor has agreed to pay a stipulated amount. This also includes Fixed-Price-Per-Unit types of projects.
B. Residual Revenue – Revenue remaining in a fixed-price account after all obligations to the sponsor have been met and after all allocable costs of performance have been charged to the account.

V. References

None

VI. Approvals and Revisions

This procedure has been approved by:

Janet M. Hahn, Executive Director
Sponsored Programs and Grants Management

Rick L. Slavinig, Vice President
Planning and Research

Date

August 16, 2005

Date

August 1, 2005
Sample

To: Principal Investigator of a Fixed Price Account

From: Pat Hobbs, Assistant Director, Grants Management and Compliance
Sponsored Programs and Grants Management

Date:

Subject: Funds Remaining in Fixed Price Account No.

All sponsored projects have specified start and end dates. Once a project is complete, prudent financial management of grants and contracts requires timely account closeout. Closeouts of grants and contracts are subject to state and federal audits and should be closed expeditiously or be subject to possible negative audit findings and requirements for corrective action.

Timely project closeouts apply to fixed price contract accounts as well as other types of sponsored projects. In reviewing procedures, we realized some fixed price accounts were outstanding for extended periods. To remedy this problem, procedures on fixed price accounts are being implemented, effective immediately. These procedures will enable Sponsored Programs and Grants Management to close out fixed price projects with remaining revenue, while permitting Principal Investigators and University departments access to the funds remaining in the account. Our procedures are attached for your information and reference.

Your fixed price account, Account No. ______, ended officially on (date). Please note the Grants Specialist assigned to this account will extend your account to February 15, 2006 to allow you to use the remaining funds. All remaining funds left in the account on that date will be transferred to account under your supervising vice president. Again, please review the attached procedure. Should you have questions or concerns regarding this process, please do not hesitate to contact your Grants Specialist at (No.).

Attachment
cc: Department Chair
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