

Purpose

This policy sets forth guidelines for the management and proper use of residual balances from sponsored program fixed price awards. This policy applies to all fixed price awards administered by The Research Foundation for SUNY at Binghamton University.

Definition

Sponsored program fixed price awards are characterized by the payment of predetermined amounts by a sponsor to support a project. The payments are made either in a “lump sum,” or are made on an agreed upon schedule. In either of these cases, the payments are not reimbursement for actual project costs, but are fixed on the basis of estimates of the cost to complete the project.

If the project is completed and total costs are more than the agreed upon contract amount, the Principal Investigator (PI) must identify additional, non-sponsored funds to cover the overage. If total costs are below the agreed upon contract amount, a residual, or unexpended, balance will exist. While some sponsors require the return of residual funding, others allow the University to retain unexpended balances and use them to further support its mission.

Background

Federal regulations (2 CFR 200) guide the cost principles of sponsored programs and require that universities be consistent and accurate in estimating costs in proposals and spending and reporting costs on awards. These cost principles apply to both federal and nonfederal sponsored programs. Residual balances on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the tax-exempt status of The Research Foundation for SUNY (RF). An excess unexpended balance on a fixed price award will not be considered profit if the proposed budget was properly established in accordance with the project scope of work and in accordance with federal cost principles.

It is important to note that, in addition to federal regulations, federal laws such as the Truth in Negotiations Act and False Claims Act also govern the pricing of sponsored program fixed-price contracts. Under the Truth in Negotiations Act, the government can recover funds awarded on the basis of defective pricing and False Claims Act protects the government against contractors and/or subcontractors knowingly submitting defective pricing with the proposal.

Policy and Transfer Process

After the sponsored project has ended, all deliverables and technical reports submitted and accepted by the sponsor, all expenses charged (including all required personnel effort), all payments from the sponsor have been received, AND there is no requirement to return remaining funds, the PI may request the unexpended balance be transferred to a fixed price balance account, to be used to further their research efforts. PIs must certify ALL costs, including personnel effort, associated with the fixed price project were properly charged to the award, and no other funds were used to support the project in an attempt to maximize any remaining residual balance.

The closeout of a fixed price award should occur within 90 days of the project end date. Assuming the above conditions have been met, balances will be transferred as follows:

- Only funds available to pay for direct costs are eligible for transfer.
- Balances of \$100 or less will be transferred to the indirect cost pool.
- Balances greater than \$100 will be distributed to PIs/Co-PIs according to award credit distribution percentages.

- Balances greater than \$1,000 or greater than 20 percent of the total award amount will require the completion of a [*Fixed Price Balance Transfer Request*](#) form.
- The facilities and administrative (F&A) rate at the time of award closure will be applied to the unexpended balance prior to any transfer. If an F&A waiver was approved on the award, the full amount of unrecovered F&A, in accordance with The Research Foundation federally negotiated rate agreement, will be charged on the unexpended balance.

Confirmation of balance transfer will be sent to the PIs, department chair and dean.

Fixed price balance accounts do not transfer to another institution if a PI/Co-PI separates from the University. When notification is received that a PI will separate from University service, the funds remaining in the balance account established for PI use may only be expended with written approval from the department chair or dean of the credited unit. Once separation occurs, remaining funds will be moved to the credited departmental/dean account and can be spent in support of the academic and research mission.

Any questions regarding this policy should be directed to Grants Management at x7-6752. Any exceptions to this policy must be approved by the Operations Manager or designee.