

Handbook of Operating Procedures

FIXED PRICE AWARD RESIDUAL BALANCE

A. Purpose

The purpose of this policy is to apply cost principles rooted in sound management practices for sponsored projects to the distribution of residual balances of fixed price awards after project completion.

B. Persons Affected

This policy applies to The University of Texas Rio Grande Valley (UTRGV) employees responsible for the administration or oversight of sponsored projects.

C. Policy

The Division of Research and principal investigators are expected to be consistent in estimating, accumulating, and reporting costs for fixed price awards, following the same due diligence as cost reimbursable sponsored projects. Following the completion of a fixed price award, a residual balance, if any, will be used first to reimburse UTRGV for the unrecovered indirect costs at the awarded rate and the remaining balance will be distributed consistent with this policy.

D. Procedures

1. The following procedure applies to the distribution of fixed price award residual balances after UTRGV has been reimbursed for the unrecovered indirect costs:
 - a. If the residual balance is less than 25% of the direct cost of original award or \$10,000, (whichever is greater):
 - i. The residual balance will be distributed by the Office of Grants Accounting to investigator(s) cost centers to be created for that purpose ("Fixed Price Cost Centers") in proportion to their shared credit percentages determined during proposal submission and captured on the proposal routing form.
 - ii. Fixed Price Cost Centers will be set up by the principal investigator's department with Fund 3100, Function 200 (Research), and 0% Indirect, and verified by the Office of Grants and Contracts.
 - iii. Fixed price award residual balances cannot be transferred to gift/donor or IDC cost centers.
 - b. If the residual balance is greater than 25% of the direct cost of original award or \$10,000, (whichever is greater), a justification is required by the principal investigator.
 - i. Justifications will be reviewed and approved by the principal investigator's research dean and the vice president for research in order for the remaining residual funds to be distributed to the Fixed Price Cost Centers of the investigators proportional to their shared credit percentages.

- ii. In case of disagreements or disapproval of the justification by the research dean or the vice president for research, the research dean and the vice president for research will develop an alternative distribution plan and include the dean of the principal investigator's college into the process.
2. The following individuals and units are responsible for the implementation of these procedures:
 - a. Principal investigator:
 - i. Confirm all direct charges necessary for successful completion of the project have been expended and properly accounted for, including any required cost sharing.
 - ii. Confirm that all required reports and deliverables have been provided to the sponsor (successful completion of the project).
 - iii. Provide justification for residual balances exceeding 25% of the direct cost of original award or \$10,000, (whichever is greater).
 - b. Office of Grants and Contracts:
 - i. Follow standard closeout procedures, verifying all transactions have posted, all encumbrances are liquidated, award has no deficits, cost share documentation is complete, and identifying any unexpended funds on fixed price awards.
 - ii. Notify Office of Grants Accounting of residual balance on fixed price awards.
 - iii. Provide Grants Accounting the residual balance form.
 - c. Office of Grants Accounting:
 - i. Verify all payments have been received by the sponsor according to the terms of the fixed price award.
 - ii. Balance, evaluate, and confirm that the indirect cost (IDC) amount has been assessed to the full awarded budget using the awarded IDC rate. Record the IDC journal on the unexpended balance, if pending.
 - iii. Verify investigators have Fixed Price Cost Centers to which a transfer of a residual balance can be made. In the absence of a Fixed Price Cost Center, the Office of Grants Accounting will contact the investigator's department to initiate cost center set up.
 - iv. Process transfers of residual balances on fixed price awards within thirty (30) calendar days of completion (refer to summary table below).

Residual Balance	Action
Less than \$250	Transfer to the Division of Research Fixed Price Cost Center
Between \$250 and \$10,000	Transfer to the Fixed Price Cost Centers of the investigators in proportion to the investigators' shared credit percentages
Over \$10,000	With input from the research dean of the principal investigator's college, the vice president for research will provide directions in terms of transfer of balance process.

E. Definitions

1. Fixed Price Award – as used in this policy, refers to an awarded sponsored project where the deliverables are provided in exchange for a fixed price, such that the agreed payment amount will not subsequently be adjusted to reflect reimbursement of all expenses incurred.
2. Research Dean – a senior administrator within a college or school at UTRGV, such as an associate dean for research or equivalent, responsible for overseeing and supporting research efforts.
3. Residual Balance – an unobligated cash balance after a sponsored project has been completed (all deliverables and financial obligations have been met) and final payment from the sponsor has been received.
4. Sponsored Project – sponsored project has the same meaning as in ADM 07-200 Sponsored Projects.
5. Vice President for Research - the chief research officer within the Division of Research responsible for overseeing and promoting research activities, including administration, compliance, and fostering a strong research culture.

F. Related Statutes or Regulations, Rules, Policies, or Standards

[2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#)

UTRGV Handbook of Operating Procedures Policy [ADM 07-200 Sponsored Projects](#)

G. Dates Reviewed or Amended

Not applicable.