POLICY STATEMENTS

1. The purpose of this PPS is to establish the policies and procedures under which the Office of Sponsored Programs (OSP) will close out accounts which were established for fixed-price agreements with external funding sources.

2. At the completion of a fixed price sponsored contract, a balance may remain. After the work is completed and the account reviewed for any outstanding commitments, the unspent balance may be transferred to another account.

3. The PI will be requested to review and certify that all costs incurred to complete the work for the agreement are charged to the account.

4. All Indirect Costs (IDC) will be considered earned at the completion of a fixed price agreement and will be fully charged to the account at the original contracted rate prior to any residual transfer. For contracts that do not have any specific IDC rate, a rate of 20% will be applied to the residual balance prior to transfer.

5. When there is a residual balance remaining of more than 25% of the total project budget, a written justification from the Principal Investigator (PI) is required. The justification should accompany the residual transfer request submitted to OSP. The justification should include a detailed explanation of the reason(s) that actual expenditures were less than budgeted expenditures for the project and how the project objectives were accomplished without incurring all budgeted expenditures. After the justification is reviewed and accepted, the remaining residual balance will be transferred to the PI’s residual account.

PROCEDURES

6. Residual Account Transfer: Once final payment is received from the sponsor and the fixed-price restricted account has been closed, the PI will request the remaining residual balance be moved to the PI’s residual account via a Residual Transfer Request (Form GAO-03). The residual
balance will be transferred only after confirmation from the PI has been received to ensure that all costs have been correctly charged to the project account. OSP will prepare any necessary accounting entry to fully charge IDC based on Section 4 above to the fixed-price account.

7. Residual balance transfers of 25% or more of the total project budget or a dollar amount exceeding $5000 require the approval of the Assistant Vice President for Research. Additional Approval: The Associate Vice President for Research will approve residual balance transfers of 25% or more of the total project budget or a dollar amount exceeding $10,000 on the Residual Transfer Request.

8. Exception: At certain times, a fixed price account may be extended rather than closed. Exceptions are approved by the Director – OSP, the Assistant VP or the Associate VP upon a request received from the PI.

9. Types of Expenditures from Residual Accounts: Expenditures from residual accounts should benefit and promote the advancement of the mission of Texas State University. Research residual funds are unrestricted and can be used for any official use in compliance with UPPS 03.04.05 guidelines for the use of returned indirect cost funds.

10. Time Period: Expenditures may be made from the residual accounts until all funds are expended.

11. Responsible Person: The responsible person for a residual account is the PI.

CERTIFICATION STATEMENT

12. This PPS has been approved by the reviewer listed below and represents Texas State’s Division of Academic Affairs policy and procedure from the date of this document until superseded.

Review Cycle ___________________________ Review Date: ______________
Reviewer: _______________________________ Date: ______________________
Approved: _______________________________ Date: ______________________

Gene Bourgeois
Provost and Vice President
for Academic Affairs