



<b>SUBJECT:</b> Standard Operating Procedure for the <b>Disposition of Residual Funds on Fixed Price Awards</b>	<b>Effective date:</b> <b>01/06/2022</b>	<b>Policy Number:</b>	
	<b>Supersedes:</b>	<b>Page</b> <b>1</b>	<b>of</b> <b>2</b>
	<b>Responsible Authorities:</b> Associate Vice President for Research Director of Sponsored Programs, Post-Award		

**Purpose:** The purpose of this Standard Operating Procedure (SOP) is to provide guidance on the disposition of residual funds at the end of a fixed price sponsored award made to the University of Central Florida.

**Standard:** The Office of Research may authorize the transfer of a percentage of residual funds on fixed price awards to a balance account in accordance with this SOP. This standard is applicable to all active Fixed Price awards, future Fixed Price Awards and Fixed Price Awards that have ended but have not been financially closed-out.

**Definitions:**

- **Balance account** – an unrestricted account that the PI or Business Unit may hold for the purpose of funding unsponsored research or scholarship related activities.
- **Business Manager** – research administrator who assists PI with financial management of award within the college, department, institute, or center with budgetary authority.
- **Close-out** – collaborative effort of parties involved in a sponsored activity to ensure timely completion of all project work, filing of required reports, and resolution of financial matters.
- **Federal negotiated rate** – a formal agreement providing the negotiated rate between the Federal Government and the non-federal entity that reflects an estimate of the Facilities and Administrative and fringe benefit costs incurred by the non-federal entity which allows these costs to be consistently allocated across all of the non-federal entity’s grants and contracts. The federal negotiated rate referred to in this standard may be the Organized Research, Instruction, Other Sponsored Activities or Off-Campus (All Programs) rate, as applicable. It may also be called “Facilities and Administrative Rate”.
- **Fixed price sponsored award** -- an agreement where the sponsor payments are based upon fixed amounts according to a payment schedule, stated deliverables, and satisfactory performance of work. The price is “fixed,” meaning the payment does not change based upon the actual costs incurred and the sponsor does not require the return of any unspent funds.
- **Principal Investigator (PI)** – individual who oversees the project, assumes responsibility for all aspects of their project (including financial activities), and receives authorization to communicate with the sponsor on technical and scientific aspects of the project.
- **Residual funds** – are funds that remain after ALL expenditures have been incurred for the completion of the scope of work, including, but not limited to, full applicable Facilities and Administrative cost.
- **Total Cost base formula** – The remaining balance divided by the indirect cost rate to determine the direct cost that is subject to applicable Facilities and Administrative rate.

**Background:** Every effort should be made to use funds for the original intended purpose of the sponsored award including, but not limited to, wages, support of students, materials, supplies, and equipment. However, at the end of a fixed price or fixed fee for service sponsored award, there may be residual funds remaining. After consideration of eligibility criteria, residual funds will be distributed as follows:

- Once the applicable Facilities and Administrative rate has been applied to the residual cash balance using a Total Cost base formula, the balance of the total direct cost budget may be transferred to the PI balance account. The exception to returning the balance of the total direct cost budget to the PI, are those funds not used to support students' tuition and wages. These funds will be transferred to a college account used specifically for student support related to research projects.

**Eligibility considerations for funds to be moved to a PI account:**

- Agreement includes fixed price payment terms.
- All deliverables have been completed and submitted.
- All revenues have been collected from the sponsor.
- All expenses have been reconciled and paid.
- All required cost share commitments (including faculty or staff effort, student support, tuition remission, or other cost shared expenses) have been recorded and fully funded.
- Appropriate PI effort is expected to be charged to the account unless otherwise excluded by the sponsor.
- Full Facilities and Administrative cost on the total direct cost budget has been recovered on the award.

If the above criteria are met, a transfer of residual funds to a PI Balance account may occur. Office of Research reserves the right to defer or delay distribution of residual funds if a PI has other awards that are not in good standing, i.e., have unmet deliverables, outstanding closeout documentation, underfunded cost share accounts, etc.

**Procedures:**

- The Business Manager or PI will confirm with the Grant Accountant that the expenses on the project are final.
- A budget comparison document will be submitted by the PI or Business Manager showing both the proposal budget and final actual expenses, with an explanation as to why expenses were less than anticipated at the time of proposal (e.g., late hiring of research personnel.) This document will be made a part of the official record and available for any subsequent audits that may occur.
- The Office of Research Grant Accountant will work with the Business Manager to ensure all eligibility criteria have been met.
- The Business Manager will submit a setup request for new PI balance accounts, as needed, and notify Grant Accountant once setup is complete.
- Upon verification that all criteria have been met, Office of Research will transfer funds to the balance account and notify the PI and Business Manager once complete.

**Process Metrics:**

- Processing of new awards, active award management items, invoicing and meeting timely closeout requirements take precedence over the transfer of funds to residual accounts.

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**APPROVAL**

*Initiating Authority*

Signature: \_\_\_\_\_  
Dorothy Yates, Associate Vice President for Research

Date: \_\_\_\_\_