FIXED PRICE RESIDUAL FUNDS POLICY
Category: Sponsored Programs / Research Administration
Policy Number: [To be assigned]
Policy Manager: Office of Sponsored Research and Programs
Current Revision Approval Date: [To be entered by OIIC]
Next Review Date: [To be entered by OIIC]

PURPOSE
The purpose of this policy is to provide guidance regarding the disposition of unexpended balances (residual funds) that result from fixed-price sponsored agreements. These balances must be handled in a manner that ensures compliance, transparency, and institutional benefit.

TARGET AUDIENCE
This policy applies to Principal Investigators (PIs), department chairs, college deans, and administrative staff involved in the closeout and financial management of fixed-price sponsored projects.

AUTHORITY
This policy is established under the authority of Chief Research Officer and the Chief Financial Officer, and is aligned with federal cost principles and institutional accounting standards.

DEFINITIONS
- **Fixed-Price Agreement:** A sponsored project award in which payment is based on the delivery of agreed-upon services or deliverables at a set price, regardless of actual costs incurred.
- **Residual Funds / Surplus Revenue:** An unexpended, unobligated balance remaining in a sponsored fund at the conclusion of a project. This occurs when project revenue exceeds total allowable expenses.

POLICY STATEMENT
When a fixed-price agreement results in residual funds after all project costs have been covered, VSU will distribute the remaining funds in accordance with the following policy, provided that all project and financial closeout requirements have been met.
Residual balances may be transferred to non-restricted University accounts only when:
1. All project deliverables have been completed and submitted to the sponsor.
2. All project payments have been received by the University.
3. All allowable direct charges and project revenues have been fully accounted for.
4. All required closeout documents, including certifications and reports, have been submitted to and approved by the Office of Sponsored Research and Programs (OSRP).

DISTRIBUTION OF RESIDUAL FUNDS
Once all closeout conditions are met, residual balances will be distributed as follows:
- **40%** of the residual balance will be transferred to an account for the Principal Investigator (PI). If the PI maintains an existing indirect cost (IDC) incentive account, funds will be deposited there; otherwise, a new account will be established.
- **40%** will be transferred to an account held by the Division of Research and Economic Development designated for residual fund management and institutional research support.
- **10%** will be transferred to the PI's college, with the specific account to be determined in consultation with the Dean.

- **10%** will be transferred to the PI's department, with the specific account determined in consultation with the Department Chair.

ROLES AND RESPONSIBILITIES

Principal Investigator (PI):

- Certify that all project work has been completed in accordance with the contract.
- Submit all required technical reports and documentation.
- Ensure all allowable expenses have been posted and no outstanding invoices remain.
- Confirm that all inventions or property have been reported or assigned properly.
- Request a no-cost extension if project work is incomplete and extension is allowed.

Office of Sponsored Programs and Research (OSRP):

- Review certifications and confirm receipt of all deliverables and reports.
- Verify that all invoices and encumbrances have been cleared.
- Confirm receipt of final project payments from the sponsor.
- Initiate account setup and fund transfers for distribution of residual balances.

RELATED PROCEDURES

For additional guidance, refer to:

RELATED MATERIALS/REFERENCES

- VSU Grant Financial Closeout Policy
- Uniform Guidance (2 CFR 200) – Cost Principles