# Financial Disposition of Residual Funds
# For Fixed and Pre-Paid Awards
# Policy

Purpose: To describe the disposition of residual balances on Fixed and Pre-Paid awards.

Source: Office of Research and Sponsored Projects

Background: Fixed price agreements are generally discouraged because of the risk involved. A fixed price contract requires that UTEP performs the scope of work for the sponsoring agency regardless of the actual cost of doing the work. The university must budget carefully to ensure that actual costs for fulfilling the work and the funds paid by the agency match. All costs for a fixed price project must be expended directly to the sponsored project. The accurate pricing and charging of costs should not result in either a deficit or a substantial surplus at project completion and submission of required deliverables to the sponsoring agency.

Policy: Upon project expiration a deficit must be covered from a non-sponsored project or cost center; and residual funds, not to exceed 25% of total funds received, on the fixed/pre-paid projects shall be automatically transferred to a 2267000 project assigned by Contract and Grant Accounting subject to the same F&A Costs as the original project. The portion of the residual balance exceeding 25% of the funds received (including F&A) will be transferred to University Residual Fund (2267999xx project series).

The transaction of transferring residual balances will occur after the sponsoring agency confirms acceptances of deliverables and releases UTEP from further contract obligations (where applicable). Spending of residual funds are restricted to original purpose (i.e. research, instruction, or other) and expenditures must comply with UTEP policies.

Process for Residual Fund Management:

If a transfers is greater than $2,500, and/or an expected project period greater than one year, request needs to be made via a spending plan/budget identifying the budget categories. If less than $2,500 and up to one year, all residuals can be transferred into “other direct” budget category. Expenditures must be in keeping with standard University policies and procedures. The active period of a 2267000 project is not to exceed 12 months from date of deposit, or two academic periods plus one summer to be congruent with the academic calendar for budgeted expenditures related to employment.

Any request for exception to the above must be submitted in writing to the VPR or designee for consideration and approval.

Roberto A Osegueda

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