



Residual Balances on Sponsored Projects

Purpose

To provide guidance on disposition of residual funds on sponsored projects after the satisfactory completion of the project. Residual balances are not typical of sponsored projects, and only under certain circumstances is the transfer of a residual balance allowable.

Policy Statement

A Principal Investigator (PI) may request residual funds deemed unrestricted and not due back to the sponsor be transferred, less applicable F&A, to either a departmental account designated for the purpose of research support or the PI's research support account. The use of the residual balance must meet the Allowable Cost criteria and be used to support the PI's research activities. Residual balances do not apply to cost-reimbursement agreements; they may be allowed on agreements with fixed payment mechanisms not tied to actual costs (e.g., fixed-price contracts, fee-for-service agreements, and industry-sponsored clinical trials).

- Residual balances greater than 25% of the total award amount or \$50,000, whichever is less, require Chair approval.
- Balances below \$1,000 will be written off centrally per policy.

The following requirements shall be met prior to the transfer of a residual balance:

- All work has been completed on the sponsored project and deliverables have been met
- All project payments have been received from the sponsor
- All allocable and allowable expenditures have been charged to the account
- The agreement was reviewed and determined that residual funds do not need to be returned
- All F&A costs are recovered at the agreement's effective rate at time of the award

Before distribution, residual balances will be applied toward deficit balances associated with the same PI and/or sponsor. If the PI is no longer with the university or a residual balance request is not received within 120 days, the residual balance will revert to the Vice Provost, Research General fund.

Definitions

Fixed Price Agreement: A sponsored agreement whereby the sponsor agrees to pay an agreed upon price, for an agreed upon product or deliverable. The project is not subject to an upward or downward adjustment of funds based on actual costs incurred. The payments are

predetermined lump-sum or scheduled payments commonly based on negotiated, fixed unit prices for specific services or a percentage of project completion.

Residual Balance: Unrestricted funds remaining on a sponsored project account at the close out of the research project. Residual funds occur when the payments, or cash received from a sponsor exceed the total expenses at the completion of the project.

Procedure

At the conclusion of an eligible sponsored agreement, the PI, in conjunction with the DRA, shall complete the Residual Balance Transfer form and submit it to Research Finance. The PI is confirming:

- Work on the project is complete
- Sponsor requirements (e.g. progress report) have been satisfactorily met
- All expenses have been recorded on the award account
- All closeout activities are complete, including but not limited to, closing of encumbrances and completion of cost transfers

In instances where there is a balance remaining greater than 25% of the total award amount or \$50,000, whichever is less, the PI shall provide a detailed, written explanation for the significant balance.

Research Finance will confirm all funds have been received and that the award terms and conditions do not require the return of any residual balance. In instances where the PI has other sponsored projects with unresolved deficits the residual balance will be used to absorb the overage.

If sponsor terms are silent on residual balances, Research Finance will: (1) confirm all deliverables are met; (2) for non-federal sponsors, apply this policy and allow retention; (3) for federal, state, or local sponsors, obtain written confirmation before processing.

If the above conditions are met, Research Finance will then calculate and transfer the F&A component on the total remaining balance and allocate that amount in the respective F&A account. The remainder of the unexpended balance will then be transferred by journal entry to the PI via an appropriate account. An example of the calculation is below.

Total Revenue (Cash Received)	\$15,000
Sponsored Project Expenses	(\$12,000)
Residual Balance	\$3,000
F&A Rate	55%
F&A Costs Allocated	\$1,065
Residual Balance Transfer	\$1,935

The research accountant will email the PI and department/college when the transfer of residual balance is complete and close out the original award.

Responsibilities

Principal Investigator and/or DRA

- Ensure all project costs are properly allocated to the correct account
- Request transfer of the residual balance using Residual Balance Transfer Form
- Provide justification for the residual balance
- Provide detailed explanation for residual balances greater than 25% of total award amount or \$50,000, whichever is less

Research Finance

- Ensure all residual balance transfer requirements are met
- Calculate and allocate appropriate F&A costs
- Confirm Principal Investigator portfolio is in good financial standing (e.g. no deficits)
- Transfer balance to an appropriate account

Resources

Related Policies

[Sponsored Project Closeout Policy](#)

[Facilities & Administrative Rate](#)

Allowable Cost

Forms

Residual Balance Transfer Form

Guiding Regulations

Individual Sponsored Project Fully Executed Agreement with Terms and Conditions