**Fixed Price Agreements – Residual R/PPS No. 03.01.04**

**Issue No. 1**

**Effective Date: 05/24/2023
Next Review Date: 06/01/2027 (E4Y)**

**Sr. Reviewer: Director, Post-Award Support Services**

**POLICY STATEMENT**

*Texas State University is committed to the proper management, accounting, and use of residual balances for fixed-price agreements.*

**01. BACKGROUND INFORMATION**

01.01 The purpose of this document is to establish policies and procedures under which Post-Award Support Services (Post-Award) will close out accounts established for fixed-price agreements with external funding sources.

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

01.03 The principal investigator (PI) will be requested to review and certify that all costs incurred to complete the work for the agreement are charged to the account.

01.04 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 percent will be applied to the residual balance prior to transfer.

01.05 Large Residual Balances – Residual balances of more than 25 percent of the project budget or more than $5,000 will require written justification and approval of the assistant vice president for Research and Federal Relations.

 Residual balances of more than 25 percent of the project budget or more than $10,000 will require written justification and approval of the vice president for Research.

**02. PROCEDURES**

02.01 Residual Account Request – 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 FR-03)](https://gato-docs.its.txstate.edu/jcr%3A089c18ca-c247-4dd7-a31e-7de8a7bcb99a/FR-03%20Residual%20Transfer%20Request.docx). For large residual balances (see Section 01.05), the residual account request may require accompanying written justification.

 If required, written justification must include a detailed explanation of the following:

1. the reasons that actual expenditures were less than budgeted expenditures for the project; and
2. how the project objectives were accomplished without incurring all budgeted expenditures.

02.02 Residual Account Transfers – Residual balances will be transferred to the PI’s residual account after:

1. confirmation from PI that all costs have been correctly charged to the project account; and
2. review and acceptance of the residual transfer request and any required written justification.

Post-Award will prepare any necessary accounting entry to fully charge IDC, as required, prior to closing the project account.

02.03 Exceptions – At certain times, a fixed-price account may be extended rather than closed. Exceptions are approved by the director of Post-Award, the assistant vice president for Research, or the vice president for Research upon a request from the PI.

02.04 Types of Expenditures from Residual Accounts – Expenditures from residual accounts should benefit and promote the advancement of the mission of Texas State. Research residual funds are unrestricted and can be used for any official use in compliance with [UPPS No. 03.04.05](http://policies.txstate.edu/university-policies/03-04-05.html), Facilities and Administration Costs (F&A or Indirect) and guidelines for the use of returned indirect cost funds.

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

02.06 Responsible Person – The responsible person for a residual account is the PI.

**03. REVIEWER OF THIS PPS**

03.01 Reviewer of this PPS includes the following:

Position Date

Director, Post-Award Support Services June 1 E4Y

**04. CERTIFICATION STATEMENT**

 This PPS has been approved by the following individuals in their official capacities and represents Texas State Research policy and procedure from the date of this document until superseded.

Director, Post-Award Support Services; senior reviewer of this PPS

Vice President for Research