UNIVERSITY OF MIAMI
SPONSORED PROGRAMS POLICIES AND PROCEDURES
Section I: Award Closing
Policy 13: Residual Funds - Fixed Price Contracts

Approval: April 5, 1996
Reviewed: December 2006

PURPOSE:

To establish the university’s position concerning the disposition of funds remaining when a sponsored program has been completed and the funding for the program is in the form of a fixed price award.

DEFINITIONS:

Fixed Price Award: An award in which the University guarantees to deliver or perform a scope of work within a specific period and at a fixed price agreed upon in advance. Fixed price awards are payable to the University regardless of the actual costs. Fixed price awards are billed either by a variable (based on units) or non-variable (based on set amount/set time) component.

POLICY:

The university will accept fixed price awards and will encourage negotiation that will ensure costs incurred will not exceed the agreed upon amount. Departments receiving these awards are responsible for charging all appropriate expenses to the award account.

All residual fund transfers must be reviewed and approved by Sponsored Programs (SP) Financial Administration. Large residual fund balance transfers (amounts greater than $10,000) will:

- be reviewed to ensure all costs have been charged to the award;
- require written justification to transfer to a designated account; and
- require a certification by the principal investigator (PI) that all work has been completed.

PROCEDURES:

1. Once a fixed price award has been completed, no new obligations or expenditures will be incurred against the account after the end date; this includes any no-cost extensions that may be granted.

2. If the total actual costs are less than the amount received, the remaining funds will first be used to recover the following, in the order listed below:

   a.) waived indirect costs in accordance with the terms of the waiver.
   b.) overdrafts on other sponsored accounts of the PI or the department.
   c.) audit disallowance on the PI’s sponsored accounts except for those disallowances resulting from a system deficiency.
   d.) uncollectible receivables of the PI or the department.
3. SP Financial Administration will review all financial records for the award to confirm payment in full, full indirect costs recovery, transfers to cover overdrafts, and audit disallowances as indicated in step 2.

4. Any funds that remain after SP Financial Administration has reviewed and accounted for the items above will be transferred to the PI/department’s unrestricted budget. Only the direct cost portion will be transferred. SP Financial Administration is responsible for the necessary accounting entries to distribute the remaining funds in accordance with this policy.