

# SAP 15.01.01.T0.02 Residual Balances from Fixed Price Sponsored Agreements



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## Procedure Summary

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Remaining balances in a fixed price sponsored contract will be transferred from the restricted account to an unrestricted residual balance account to be used in accordance with The Texas A&M University System (system) and Tarleton State University (Tarleton or university) finance guidelines. At the completion of a fixed price sponsored contract, a balance may remain. After the work is complete and the contract reviewed for any outstanding commitments, the unspent balance may be transferred to another account where it becomes an unrestricted source of funding for the institution.

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## Procedures and Responsibilities

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### 1. GENERAL

- 1.1. Fixed-price sponsored agreements may result in a residual balance from the project when actual costs are less than the amount received from the sponsor. If there is a balance remaining after the work has been completed and all costs have been recorded in the account and cost-sharing, if any, has been documented, the remaining direct balance will be transferred from the restricted account to an unrestricted departmental residual account.
- 1.2. All costs required to complete the work for the agreement must be charged to the account. When there is a substantial remaining balance, it could indicate that the budget was not priced correctly, or that the costs to perform the work have not been correctly allocated to the account. All indirect costs budgeted in the project proposal will be expensed even if there is remaining direct costs budget which has not been spent.
- 1.3. Residual accounts are in the designated account grouping and the account numbers begin with 235xxx.

### 2. PROCEDURES

- 2.1. Residual Account Establishment: New residual balance accounts are established in FAMIS by the Director of Business Services. Once payment is received from the sponsor and the fixed-price restricted account has been closed, the administering office (Business Services) will prepare the necessary accounting entry to move the balance to

the department's residual account. The residual balance will be transferred only after the expenditures have been reviewed to ensure that all costs have been correctly charged. Entries to transfer funds to a residual balance account are reviewed by the Director of Business Services.

- 2.2. Justification: When there is a balance remaining of more than 25% of the budget, a written justification from the principal investigator (PI) is required. The justification should be provided to the administering office (Business Services). The justification should include (1) an explanation of the reason for the remaining balance, and (2) a statement certifying that all expenditures for the sponsored agreement have been appropriately charged to the account. After the justification is approved by the administering office, the remaining residual balance will be transferred to a departmental residual account.
- 2.3. Types of expenditures from departmental residual accounts: Expenditures from residual accounts should benefit and promote the advancement of the mission of Tarleton. Research residual funds are unrestricted and can be used for official use in compliance with the Tarleton's disbursement guidelines. Residual funds remaining from research projects should be used by the department or PI for expenditures to further research programs of the department of PI.
- 2.4. Time Period: Expenditures may be made from the residual accounts until all funds are expended.
- 2.5. Responsible Person: The responsible person for a residual account is the department head or head of the unit, but can be delegated to the PI, or other individual as determined by the department head.

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## **Related Statutes, Policies, or Requirements**

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[System Policy 15.01 \*Research Agreements\*](#)

[System Regulation 15.01.01 \*Administration of Sponsored Agreements-Research and Other\*](#)

[SAP 15.01.01.T1.01 \*Preparation, Review and Submission of Sponsored Projects\*](#)

System Guidelines for [\*Disbursement of Funds\*](#)

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## **Contact Office**

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