



NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY

SEC. V—SPONSORED RESEARCH 6.0

RESIDUAL FUNDS ON FIXED PRICE AWARDS

UNIT POLICY—DORED

I. PURPOSE

A residual Banner fund may be established for the expenditure of residual funds resulting from fixed price awards that are not in support of University established service centers. It is the responsibility of the Principal Investigator (PI) to accurately quote estimated costs for the project since fixed price awards do not allow requests for additional funds or a change in the period of performance.

II. SCOPE OF POLICY

This policy provides appropriate guidelines to PIs and Project Directors (PD) for the establishment of residual accounts resulting from fixed price contracts and the expenditure of residual funds. Separate trust fund accounts will be established for funds remaining on fixed price contracts. The accounts will be utilized by the PI/PD to benefit the program

III. DEFINITION

A fixed price contract is one that provides for a price which normally is not subject to any adjustment unless certain provisions (such as contract change, economic pricing, or defective pricing) are included in the agreement. These contracts are negotiated usually where reasonably definite specifications are available, and costs can be estimated with reasonable accuracy. A fixed price contract places minimum administrative burden on the contracting parties, but places the lowest burden on the sponsor and subjects the University to the maximum risk arising from full responsibility for all cost escalations.

IV. RESIDUAL ACCOUNT ESTABLISHMENT

A residual fund may be established for the expenditure of residual funds resulting from fixed price awards that are not in support of University established service centers. It is the responsibility of the PI to accurately quote estimated costs for the project since fixed price awards do not allow requests for additional funds or a change in the period of performance. The estimated costs should be sufficient to cover all anticipated direct expenses (such as salaries, materials, supplies, travel, etc.) and the appropriate indirect expenses.

The budgeted overhead amount associated with the project will be deducted at the time of the set-up of the residual fund. When the project has been completed, the sponsor has paid all funds that have been invoiced and there are funds remaining on the account, residual balances less than ten (10) percent of the award amount will be provided to the PI in a residual fund. The PI should submit a signed residual request form and a budget.

If the residual fund balance at the completion of the work is ten (10) percent or more of the original award amount, the PI must provide a written explanation for the substantial discrepancy between the cost to perform the award and the amount of the award along with a signed residual request form and a budget. The residual funds will be distributed 50% to the PI and 50% to a Residual Fund managed by the Division of Research and Economic Development (DORED). An exception may be considered by the Vice Chancellor for Research and Economic Development in the case of testing services.

The period of performance for the PI residual fund is eighteen (18) months from the date of establishment. Any budget revisions for the residual fund must be submitted through DORED for approval. If a budget revision generates any overhead, those funds will be deducted at the time the revision is made. After the end date, any remaining funds will be transferred to the University's General Scholarship Fund.

All expenditures from the established residual fund will be monitored by the Office of Contracts and Grants.

V. ROLES AND RESPONSIBILITIES

- A. Principal Investigator/Project Director
 - Complete forms to request residual account

- B. Office of Sponsored Programs
 - Process residual fund request
 - Review fund request budget

- C. Office of Contracts and Grants (DORED)
 - Request Banner fund number
 - Set up fund and budget in Banner
 - Provide expenditure reports to PI/PD

Approved by the Chancellor

Date policy is effective: upon approval

First approved: March 28, 2016

Revised: April 8, 2019