



Boston College: OFFICE FOR SPONSORED PROGRAMS Residual Balance on Sponsored Programs Procedures

Background

The Boston College Office for Sponsored Programs (OSP) provides administration and support for sponsored programs. Sponsored programs, or the term sponsored awards, may be used in this document interchangeably and mean any agreement, contract, project, or grant that is funded by a source other than Boston College. Activities related to sponsored programs must comply with the sponsor's terms and conditions, Boston College's policies and procedures, and Federal regulations including those from the Office of Management and Budget (OMB) such as OMB's 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Purpose

This document establishes procedures for requesting the transfer of residual balance funds remaining on fixed price and fee-for-service agreements after satisfactory completion of the work and submission of all required deliverables to the sponsor.

Scope

This policy is applicable to all sponsored awards and **must** be followed by schools, departments, centers, institutes, and personnel of Boston College involved with sponsored awards

Effective Date

The effective date of this policy is September 2018, revised April 2022.

Definitions

Fee-for-Service Agreement is a sponsored agreement or contract in which the sponsor agrees to pay an upfront, predetermined price, for agreed upon services or individual tasks to be performed.

Fixed Price Agreement is a sponsored agreement or contract that is not subject to any adjustment on the basis of the University's cost experience in performing the agreement. This agreement type places upon the University maximum risk and full responsibility for all costs. It provides maximum incentive for the University to control costs and perform effectively. Fixed-price awards include, but are not limited to fixed fee contracts, deliverable-based agreements, and other awards where there is not a requirement that any remaining funds be returned to the sponsor.

Residual Balance is the balance of funds when the agreement permits the University to retain the funds after the work is completed. These types of agreements may include the following activities: (1) service or product delivery in fixed payment increments, (2) deliverables or milestone completion. If the funding provided by the sponsor is not fully expended after all appropriate expenses have been accounted for, a residual balance will exist. Residual balances can occur on a grant, or contract (including clinical trial and service agreements).

For other definitions, see [OSP's Definitions](#) and [Glossary of Terms](#), as well as [OMB's Uniform Guidance](#).

Procedures

The purpose of this procedure is to establish a process that (1) provides access to residual funds remaining on sponsored awards that are fixed price or fee-for-service, (2) provides a consistent method for obtaining approval for the transfer of residual funds, and (3) ensures that the transfer of residual funds to a related sponsored account are not prohibited by any requirements provided by the original sponsor.

Fixed price contracts are based on an agreed upon budget amount (fixed price), and this amount is paid by the sponsor regardless of the actual costs of conducting the sponsored project. This means that when the project costs are below the fixed price contract amount, the university may keep the residual balance. Conversely, when the cost is more than the fixed price contract amount, the sponsor will not provide additional funds to the university to support the additional costs. It is critical that all costs associated with the fixed price contract are charged to the award so that the Principal Investigator (PI) (and co-PIs' if applicable) department or school, as well as the University, are not unreasonably subsidizing the costs of the research or other activities conducted under the fixed price contract. Significant residual balances on fixed-price awards may call into question the validity of the proposed budget, scope of work, effort committed and the proper allocation of project expenditures.

Residual or unspent balances on fixed price awards may consist of a direct cost portion and a Facilities and Administrative (F&A) cost portion in accordance with the award. The F&A rate on the award will continue to be charged at the awarded rate after the residual fund balance transfer.

Process

After the project has ended, the work has been completed, the deliverables met, and the sponsor does not require the return of remaining funds, the Principal Investigator (PI) may request that any remaining funds be transferred to a related sponsored account (known as a residual balance account) and be used to further his/her research at the time of award closeout and project end date. Residual funds cannot be requested 30 days after the project end date. Requests for residual funds after the sponsor's closeout deadline will not be accepted, and a PI will no longer have access to the funds. Funds must continue to be spent to further the research in accordance with OSP's Allowable and Unallowable Costs Policy and practices. If the work is not complete, and deliverables have not been met by the anticipated

due date, the PI should immediately contact the Office for Sponsored Programs (OSP) to discuss next steps.

In order to initiate the Residual Balance Transfer process, department administrators must submit the information below to OSP in accordance with OSP's Closeout Policy and procedures documentation prior to the review and approval of the transfer. Residual fund chart strings will not be established (cannot be requested) for balances less than \$1,000. Large balances greater than \$5,000 will require detailed justification and approval from the OSP Director.

Each residual fund will be established for a pre-defined period – one year. Example: if project period ended 11/30/2021, then the residual funds will run from 12/1/2021-11/30/2022. After the end of the one-year period, access to the funds will no longer be available to the PI. An End Date Notice will be sent 30 days in advance of the residual funds project period end date. At this time, the PI and the Departmental Research Administrator should ensure all expenses have and will occur by the end of the one-year residual balance period. OSP will conduct a unilateral closeout of the residual balance fund within 7 business days of the residual balance fund's project period end date. No reporting requirements will be required at the time of the residual balance fund's closeout.

Specifically, PI's and department research administrators need to provide and/or confirm the following in writing:

- All work was completed.
- No outstanding work activities or deliverables remain open or in question by the sponsor (and expenses are in accordance with the terms and conditions of the agreement and the negotiated budget).
- All required technical reports were received and/or accepted by the sponsor.
- All invoices/financial reports for subawards were received and processed for payment.
- All applicable expenditures have been charged to the award.
- A detailed budget must be provided for the new project number.
- Signature of Dean or Chair approving the residual balance transfer if greater than 25% of the total amount awarded.

The Residual Funds section of the Department Closeout Checklist must be completed and signed by the PI in order to facilitate and expedite the residual transfer process. Any additional documentation and justification should also accompany the Department Closeout Checklist.

OSP Responsibilities:

OSP will confirm that the project end date has passed; the residual transfer request is appropriately completed and signed, and the University has been reimbursed for the work completed. Prior to approving the residual balance request, OSP will review the terms and conditions of the award and determine whether the residual balance request may be approved (for example, the award does not require that any unexpended funds be returned to the

sponsor). If the award documentation is unclear as to whether the award may be categorized into one of the three award classifications defined above, or the awarding document does not provide adequate instructions, then:

- OSP will request to retain the residual balance (for PI to further their research) from the sponsor accompanied by the final financial report, if appropriate. It will include a request that the sponsor respond within 30 days from the date of the request.
- In the event that the sponsor requests the residual funds be returned, the University is obligated to return the applicable balance to the sponsor. OSP will initiate the return of the balance to the sponsor and subsequently closeout the award.
- If the sponsor does not acknowledge or reply within the designated 30-day time period, the University retains the balance.

Once it is determined that the sponsor does not require the return of the residual balance, then OSP will transfer the unspent balance of the award to a new project number based on the completed Department Closeout Checklist, and the award will be subsequently closed. Residual balance transfers should always be requested via the Department Closeout Checklist, which can be found here: https://www.bc.edu/content/dam/files/research/osp/Dept_Closeout_Checklist.pdf You may also access this form via our website at www.bc.edu/osp by navigating to "Assistance Documentation and Forms", under *Award Management Forms*.

*Note: The Department Closeout Checklist must be electronically signed- to do so, the signer will need to go into Adobe Pro, click on the Fill & Sign menu on the right side, then click on Place Signature, and follow the system's prompts before saving.

Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your appropriate [OSP TEAM](#) Member.