

Residual Income on Fixed Price Sponsored Programs

SPA-11-012

About This Policy

Effective Dates:

02-01-2011

Last Updated:

01-17-2019

Responsible University Administrator:

Associate Vice President for Research Administration

Policy Contact:

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Scope

This policy applies to all Indiana University faculty and staff with the responsibility to oversee or manage fixed-price sponsored projects.

Policy Statement

It is the policy of Indiana University that residual income on fixed price awards may be moved to an account outside of the sponsored account fund group. In instances where the amount of residual income is greater than \$100,000, the Principal Investigator (PI) and Fiscal Officer (FO) will be required to certify that no part of the residual balance is the result of shifting costs applicable to the fixed price award to other cost reimbursable sponsored awards.

Reason For Policy

To establish guidelines and best practices for the transfer of residual income on fixed price awards from a sponsored account. Certification by the PI and FO provides assurance that costs from the fixed price award were not shifted to cost reimbursable grants and contracts, resulting in a residual balance on the fixed price award.

Procedure

Upon conclusion of a project, departments must ensure that the project is complete and that costs have been correctly allocated to the project. Charges to fixed price accounts, including clinical trials, must reflect all actual effort and related costs incurred.

For awards where the residual funds exceed the thresholds stated in this policy, the PI and FO will be required to certify that 1) all reports and or other deliverables have been provided to the agency, and 2) the no part of the residual balance is the result of shifting costs to cost reimbursable grants or contracts. The certification will be due no later than 30 days upon request by the ORA.

Upon review and approval of the PI's and FO's certification, the Office of Research Administration will move the residual income using a Transfer of Funds document to the appropriate departmental account. Indirect costs will be assessed against residual balances at the university's full indirect cost rates in effect at the time of the transfer of the residual balance. Sponsored projects that had previously been provided full or partial indirect cost waivers will still be assessed full indirect costs on any residual balances.

Definitions

Fixed Price Award: An award provided to Indiana University by an external funding agency where payment is based on a fixed fee per unit of service or deliverables (rather than costs incurred).

Residual Income: An unobligated, unspent balance remaining in a sponsored account at the conclusion of the project. Residual income occurs when the income or revenue is greater than the expense incurred upon completion of the project.

Sanctions

Failure to apply this policy could result in forfeiture of the residual income, audit findings and cost disallowances.

History

Replaces:

- Important Notice 98-3 “Residual Funds on Fixed Price Awards”

Revised in November 2018.

This policy was updated in January 2019.