

DISPOSITION OF RESIDUAL BALANCES: GUIDELINES & PROCEDURES

Definition

A “residual balance” consists of surplus funds which remain upon the completion of a sponsored project, and which DePaul is not obligated to return to the sponsor. Such balances most frequently result from fixed-price agreements, where the sponsor pays a firm price for the agreed upon work, regardless of the ultimate cost to complete the project; but a residual balance may result from the performance of any grant or contract where the sponsor does not require the return of any surplus funds

Purpose

The primary purpose of these guidelines and procedures is to enable DePaul faculty who are Principal Investigators (PIs) to make use of residual balances resulting from their sponsored projects in ways that enhance their research, teaching, and/or service. These procedures will also enable PIs who direct centers or institutes to offset certain center/institute costs with residual funds. These benefits are derived by transferring the residual balance, upon request and approval, to a specially established discretionary account within the PI’s school or college.

Necessary Conditions

A request to transfer a residual balance is appropriate when the following conditions apply:

- The funding agreement between the University and the sponsor is over, or work funded by a Purchase Order (PO) or Scope of Work (SOW) has been completed.
- The grant agreement does not require the return of any unused funds to the sponsor; or professional services have been provided on what is clearly a fixed-price basis.
- All required deliverables and reports have been submitted to the sponsor.
- Final payment has been received from the sponsor.
- All of the project costs have been charged to the grant account, and all previously outstanding transactions have posted to the account.
- The residual balance is \$100 or more. (Balances of less than \$100 are automatically disbursed according to the formula for F&A distribution.)

The PI may request a residual balance transfer request as soon as all of the above conditions have been met. The PI’s request may also come in response to a notice from Restricted Accounting that there appears to be a residual balance. In any case, the request must be made in advance of any deadline the sponsor has provided for a final financial report, to be prepared by Restricted Accounting--or in advance of account closeout in those cases where a final financial report is not required. In cases where multiple funding instruments are administered within a single PeopleSoft project ID, the PI, academic unit, ORS, and RA will agree on the timing of transfers.

Key Considerations

The following key considerations apply:

- All residual balance transfer requests must include a brief explanation by the PI as to how the balance will be used to enhance the PI’s research, teaching, and/or service, or the work of the center or institute the PI directs.
- Residual balances may not be generated by charging project costs to other grants or to the University.
- A satisfactory explanation is required for any residual balance greater than \$25,000 or 25% of the award amount before a transfer can be approved.

- If a transfer request is not approved, the PI will receive an explanation that references these guidelines and procedures and will have an opportunity to revise and resubmit the request. A second disapproval of the transfer request will be considered final.
- When residual balances are transferred, the University will apply a one-time administrative assessment calculated at 26% of the balance.* This assessment will help to offset unrecovered indirect costs resulting from the partial expenditure of the grant funds, as well as other costs, including those associated with initiating and maintaining the discretionary account to which the residual balance is transferred. The sponsor's indirect cost rate that applied during the course of the sponsored project will not be charged to the residual balance, regardless of whether the sponsor's indirect cost rate was greater or less than 26%.
- At the point of transfer, the University will also recover from the residual balance any unreimbursed costs associated with the PI's other sponsored projects.
- Once the balance is transferred, the management standards for the discretionary fund group to which it has been transferred apply. The balance transferred will be available for the use of the PI for as long as these management standards allow. After that point, any unused amount will lapse to a university-designated endowment.
- These guidelines and procedures do not limit the PI's option to request a no-cost extension for a sponsored project as the project end date approaches.

Procedure

Transfers of residual balances are initiated, tracked, and approved by means of the attached Residual Balance Transfer Request:

- When requesting a residual balance transfer, the PI may either fill in the "PI," "Sponsor," "College" and "Project Number" fields at the top of the Residual Balance Transfer Request (see the attached form) or ask Restricted Accounting to do so.
- Restricted Accounting then completes the first major section of the Residual Balance Transfer Request, calculating the residual balance, identifying the Dept ID to which the balance will be transferred, and e-mailing the partially completed form to the PI for further processing within the PI's college.
- The next major section of the form is completed within the PI's college, concluding with the approval of the Dean.
- Upon the Dean's approval, the form is returned to Restricted Accounting, which coordinates completion of the remaining sections, concluding with Provost approval.
- If either the Dean or the Provost disapproves the request, a reason that references these guidelines should be provided. After receiving the explanation, the PI will have the opportunity to revise and resubmit the request.
- Once the completed form is fully approved, Restricted Accounting coordinates the transfer of funds, notifying all parties when it is complete.

*The 26% assessment reflects the rate the federal government has set for administrative cost recovery from grants awarded to colleges and universities. This percentage provides only a partial recovery of actual administrative costs and does not include the additional percentage that DePaul is federally authorized to recover from grants to help offset facilities costs.