

## **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 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. This is accomplished by transferring the residual balance, upon request and approval, to a specially established discretionary account within the PI's school or college, where it can be used by the PI for this purpose for a period of three years.

### **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.
- The agreement does not require the return of any unused funds to the sponsor.
- 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.)

### **Key Considerations**

The following key considerations also 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. (Space is provided for this in the college's section of the Residual Balance Transfer Request. See the attached form).
- Residual balances may not be generated through inflated cost estimates or 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. (Space for this is also provided on the form.)
- If a transfer request is not approved, the PI will receive an explanation for this that references these guidelines and procedures and will have 30 days from receipt of the explanation to revise and resubmit the request. A second disapproval of the transfer request will be considered final.
- For residual balances generated by sponsored projects with **start dates of June 30, 2014 or earlier**, the residual balance will be assessed the indirect cost rate that applied during the course of the sponsored project.
- For residual balances generated by sponsored projects with **start dates of July 1, 2014 or later**, 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 a period of three years. After three years, 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**

Following are the key steps involved in processing a transfer of residual funds:

- Restricted Accounting notifies the PI that there appears to be a residual balance, and the PI responds within 90 days with a request to Restricted Accounting to initiate the process.
- When making this request, 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 has 30 days 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.
- If the PI does not initiate this process within 90 days of being notified by Restricted Accounting that there appears to be a residual balance, Restricted Accounting may liquidate the residual balance by applying DePaul's formula for the distribution of indirect costs.
- To avoid any failures of communication, the initial notification from Restricted Accounting is followed up by a reminder if the PI does not respond and then by a final notice at approximately the 60-day point. These notices and reminders are sent via e-mail to the PI.

\*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 21.5% that DePaul is federally authorized to recover from grants to help offset facilities costs.

## RESIDUAL BALANCE TRANSFER REQUEST

PI:

College:

Sponsor:

Project Number:

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**This section to be completed by Restricted Accounting. Please e-mail this form with the above information provided to [RA\\_Dept@depaul.edu](mailto:RA_Dept@depaul.edu). It will be returned with the following filled in.**

Grant revenue (award amount):

Total grant expenses:

Gross residual balance:

Deficits on other grants (if any):

Administrative assessment\*:

**NET RESIDUAL BALANCE (for transfer to a discretionary account):**

**RECEIVING DEPT ID:**

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**This section to be completed within the PI's college or administrative unit:**

Please confirm the following by marking the check boxes:

- All required deliverables and reports have been submitted to the sponsor.
- The grant agreement does not require return of any unused funds to the sponsor.
- All of the project costs have been charged to the grant account.
- All previously outstanding transactions have posted to the account.

Please explain briefly how the residual funds will be used in support of the PI's research, teaching, and/or service.

If the gross residual balance (see above) is greater than \$25,000 or 25% of the award amount, please provide an explanation for this, below or on an attached sheet as needed.

Dean\*\*

Date:

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**Please return this form with all information above filled in to Restricted Accounting at [RA\\_Dept@depaul.edu](mailto:RA_Dept@depaul.edu) for final processing. You will be notified when this is complete.**

### **Restricted Accounting Confirmations and Approval:**

- The agreement between the University and the sponsor is over.
- The agreement does not require return of any unused funds to the sponsor.
- Final payment has been received from the sponsor.

Director, Restricted Accounting

Date:

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### **Final Approval (to be requested by Restricted Accounting):**

Provost\*\*

Date:

**\*A 26% administrative assessment applies to sponsored projects with start dates of July 1, 2014 or later. Projects with earlier start dates are assessed the level of indirect costs that applied during the course of the sponsored project.**

**\*\*DePaul's guidelines and procedures for the transfer of residual balances provide the context for consideration of this request. If the request is disapproved, an explanation that references those guidelines and procedures should be provided. After receiving this explanation, the PI has 30 days to revise and resubmit the request.**