

Augusta University

Policy Library

Residual Funds

Policy Manager: Sponsored Programs Administration

POLICY STATEMENT

Residual balances on sponsored projects occur when the expenses incurred on a sponsored project are less than the payments received for the sponsored project, which create a surplus of revenue. Some sponsored agreements require unspent funds (residual balances) to be returned upon completion of the project. This policy addresses unrestricted residual balances, which do not have to be returned to the sponsor. The Division of Sponsored Programs Administration (DSPA) will make the determination if an agreement requires the residual balance to be returned to a sponsor. Generally, milestone/deliverable-based awards, fixed price awards, and clinical trial awards do not require residual balances be returned to the sponsor.

Unrestricted residual balances on sponsored projects are transferred to residual balance accounts. Indirect costs or Facilities and Administrative (F&A) costs are recouped prior to the transfer of the unspent funds to a residual balance account, and will be recouped at the appropriate F&A rate based on the project. F&A is recouped/earned based on the total payments received and regardless of any expenses that may have been excluded from earning F&A. All transferred residual funds will be allocated to the sponsored account's principal investigator unless otherwise instructed.

If a full or partial waiver of F&A Costs has been applied to the sponsored account, the waived F&A will be assessed on behalf of Augusta University and the Augusta University Research Institute prior to transfer of any unrestricted residual balance to a residual account. F&A will be calculated on total payments received on a total cost basis. It is possible that an unrestricted residual balance that exists at the end of the award could be fully recaptured as earned F&A when there is a full or partial F&A waiver on the sponsored account.

Some sponsors have policies that do not allow F&A (0%) or limit F&A recovery, but may award a fixed price award or an award where we are allowed to retain the residual balance upon completion of the project. For these scenarios a fund management fee will be assessed on the residual balances at a rate of 12.5% of the remaining balance of the award.

Multiple sponsored accounts may be closed to a single residual account or to separate residual accounts. Principal investigators/project directors of sponsored projects may be required to submit an action plan for use of unrestricted residual balances through the appropriate department chair, center institute director, or dean, depending on your department's or dean's office policy. DSPA does not require to see the action plans. For departments that are not part of a college and do not report to a Dean, the vice president overseeing the department would take the place of a dean's approval. Department chairs/center directors, and the appropriate deans or vice presidents may reserve the right to retain a portion or all of the amount to be transferred into their own department/center or dean's/vice president's residual balance account.

In order to transfer unrestricted residual balances to a residual balance account, the department must complete the "Residual Balance on Sponsored Programs Form." Unrestricted residual balances will lapse

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Executive Sponsor: VP, Sponsored Programs Administration

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to the appropriate dean/vice president if an approved form is not received in DSPA within 90 days after the end date of the sponsored account.

Unspent residual balance account funds remaining when the PI leaves the university will lapse to the appropriate dean/vice president. Residual balance accounts are not owned by the PI and cannot be transferred to another institution. If a PI leaving the university has an ongoing sponsored project that has milestone-based payments (including clinical trials and other deliverable based projects), the payments received are considered revenue earned, and therefore the university holds title to the funds. Any unspent balance on the earned revenue when the PI leaves the university is transferred to the appropriate residual balance account, after the appropriate F&A is recaptured.

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
 Staff Undergraduate Students Vendors/Contractors Visitors
 Other:

DEFINITIONS

Sponsored project or Sponsored account: A Project ID established for the receipt and expensing of funds from a source external to the institution for project-specific purposes.

Residual balance: Unobligated balance of funds remaining in a sponsored project at termination of the project and closeout of the account.

Closeout: Processes undertaken at the termination of a project and includes review to determine that all revenue has been received and all expense obligations have been met.

Unrestricted residual balance: Residual balance that is not required to be returned to the external funding source.

Residual Balance Account (RBA): A Project ID established for the purpose of receiving the transfer of an unrestricted residual balance at the closeout of a sponsored account.

REFERENCES & SUPPORTING DOCUMENTS

Residual Funds Utilization Form -

<https://augustauniversity.box.com/s/laedqnuyvnl1tzsr1ho8j8mnaig2rwejm>

RELATED POLICIES

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APPROVED BY:

Executive Vice President for Academic Affairs and Provost, Augusta University
Date: 8/17/2022

President, Augusta University

Date: 8/17/2022