POLICY ON RESIDUAL BALANCES IN FIXED PRICE CONTRACTS

Policy Number: Post-001
Classification: Post-Award
Responsible University Office: Vice President for Research

Version Number: 002
Effective Date: February 24, 2014

1.0 Purpose

The purpose of this policy is to ensure that Clemson University has an appropriate procedure to review the disposition of residual funds in fixed price contracts.

2.0 Applicability

This policy applies to all fixed price contracts for research or services provided to an entity external to Clemson University.

3.0 Government Rules and Regulations

2 CFR 200 requires that universities be consistent in estimating, accumulating, and reporting costs for proposals and awards. Fixed price contract proposal costs should be estimated and actual project costs recorded with the same due diligence as cost reimbursable project proposals and awarded projects.

4.0 Definitions

Fixed Price Contract - Fixed price contracts are typically characterized by payments of predetermined amounts by a sponsor to support a project. The payments are either lump sum or periodic and may or may not require submission of invoices for payment by Clemson University (CU). Generally, the payments are not on an expense reimbursement basis but on a predetermined total project cost. If the project costs are less than the award, the residual balance is retained by CU.
Residual Balance – The difference between an awarded amount in a fixed price contract and actual project costs.

5.0 Policy

Following contract/project completion and deliverables submitted and accepted by the sponsor and final payment received, the residual direct cost balance in fixed price contracts will be transferred to a designated account(s) of the principal investigator given the following conditions: (1) all direct charges are properly accounted for, (2) all indirect costs have posted in accordance with the direct cost expenditures, and (3) the remaining direct cost budget is not greater than 10% of the total awarded direct budget. The F&A balance will be accrued via journal entry and will be allocated according to normal F&A allocation procedures. The PI’s College will be responsible for transferring amounts to other investigators based on the percent credit distribution indicated on the CU proposal.

If the residual direct balance is greater than 10% of the total direct award budget, the PI is required to submit a detailed justification with an explanation of the balance to the Vice President for Research for approval before the funds will be transferred.

If there were indirect cost waivers, voluntary or sponsor restricted, the amount of unrecovered F&A (based on the approved CU F&A rate at the time of proposal submission) will be transferred to the Vice President for Research and the balance will be transferred to the PI’s designated account.

6.0 Responsibilities

Principal Investigator: Submit a detailed justification to the Vice President for Research as specified in Section 5.0.

7.0 Sanctions for Non-Compliance

If the appropriate justification is not submitted to the Vice President for Research when required, residual balances will not be transferred and approval of future fixed price contracts may be withheld.

8.0 Approval Signatures

This policy has been approved by:

X R. Larry Dooley, Ph.D.
Interim Vice President for Research

CLEMSON UNIVERSITY
Policy on Residual Balances in Fixed Price Contracts
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<tr>
<td>June 1, 2015</td>
<td>002</td>
<td>Update Government Rules and Regulations</td>
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