Dr. Mayra Hough, CRA
Director
Office of Sponsored Research Administration

6300 OCEAN DRIVE, UNIT 5844
CORPUS CHRISTI, TEXAS 78412
O: 361.825.3882

MEMORANDUM

DATE: September 15, 2020

TO: Deans and Directors of Centers and Institutues

FROM: Dr. Mayra Hough, CRA; Director of OSRA

RE: Update to Policy on Residual Balances from Fixed Price Sponsored Agreements

The Division of Research and Innovation has implemented a new policy on residual balances from fixed price agreements, effective as of the new fiscal year (FY 2021). The following are highlights from the new policy.

- No action is required from the VPR or PI for remaining direct balances of less than 25% of the direct costs. For remaining balances of 25% or more of direct costs, justification will be required to transfer the balance to a residual account.
- Prior to distribution of the residual funds, the full applicable Indirect Cost (IDC) rate will be assessed on the remaining balance before any remaining funds are moved to a residual account. The IDC will be assessed according to the projects current IDC distribution.

The new policy will be implemented as follows:

- New fixed price agreements that are executed after September 1, 2020 will fall under this new policy.
- For existing agreements, any balance less than 50% of the awarded budget remaining will fall under the current policy. Any balance equal to or greater than 50% of the awarded budget remaining will have this new policy retroactively applied.

We would like to acknowledge the valuable input and feedback received from CPIRA and other stakeholders during the development of this policy. If you have any questions, please contact Dr. Mayra Hough at extension 3882 or via email, mayra.hough@tamucc.edu. We are committed to supporting our campus community.

Attachment: Award Closeout for Sponsored Programs (cf. Section D)

D. Fixed-Price Agreements

Occasionally, fixed price agreements are entered into with sponsoring agencies by the University and permit the University to retain the unexpended (residual) balance at program expiration.

a. Residual Balances Greater than 25% of Total Award

When there is a balance remaining of more than 25% of the direct costs, a written justification from the PI or delegate is required before any remaining funds are transferred to the residual balance account. The justification should be provided to OSRA and the VPR for review and approval. The justification should include the following:

- An explanation of the reason for the remaining balance; and
- A statement certifying that all expenditures for the sponsored agreement have been appropriately charged to the account, including a percentage of PI salary and effort.

All indirect costs in the project will be expensed at project closeout even if there is remaining direct cost in the budget which has not been spent. Prior to distribution of the balance to a residual account, the full applicable IDC rate will be assessed on the remaining balance.

After all expenses have posted to an account, the DRA should submit a TAMU-CC Fixed Price Residual Closure form to OSRA for review and the VPR's approval.