

Procedure: Fixed Price Balances

Reason for the Procedure

As a non-profit institution, the University is prohibited from seeking profit from its research activities; therefore, significant residual balances on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the University's tax-exempt status.

This procedure document builds upon the University's [Guidance on Fixed Price Sponsored Awards](#). This procedure is applicable to all Chan School appointees who receive sponsored funding.

Procedure Summary

This procedure must be followed at the end of a project when the sponsor does not require the return of unspent income:

- The OSP Financial Analyst will request the Balance Transfer Form from the Grant Manager
- Complete the Form and include relevant documents
- Obtain required signatures
- Submit Form to OSP, who will transfer the funds to the designated accounts

Related Documents

[Fixed Price Guidance \(OSP\)](#)
[Balance Transfer Form \(OSP\)](#)
[F&A Policy \(OSP\)](#)
[Closeout Policy \(OSP\)](#)

Questions? Contact:

Form approval:
[Kristie Froman](#), 617-432-8141

Accounts used in this policy:
[Dave Waxman](#), 617-432-3235

Project-related:
Your SPA SRA

Closeout-related:
Your OSP Financial Analyst

Guidance

Proposal stage

Principal Investigators and administrators must prepare accurate, detailed proposal budgets to fully capture all resources necessary for the work performed on the project. Reasonable estimates are the industry standard. Investigators and administrators are expected to understand the ebb and flow of expenses of their projects so that the reasonable estimate becomes more accurate over time. If the unexpended balance is greater than the university's threshold, the PI is required to explain the submitted budget and the unexpended line items, to encourage more accurate budgets in the future.

Award management

Principal Investigators and administrators are expected to monitor spending on fixed price awards according to the budget and adjust throughout the life of the project as circumstances arise. If the project is performed at a cost below the awarded amount, the residual balance (including any interest income) must be treated in accordance with the terms and conditions of the award and/or the sponsor's written policies relating to disposition of unspent funds. If the award and sponsor are either silent on this issue and/or

allow for residual balances to be retained by the University, then the funds can be transferred to a University account. Please check with your Chan School SPA SRA or AD to determine if this policy is applicable to your project or if the project needs an extension to continue the work.

Business Process Steps

Closeout

Step	Role	Task/Activity
1	Dept	Determine if the unexpended balance meets the threshold for additional requirements. The threshold is \geq \$100,000 or \geq 25% of the total cost of the award.
2	Dept	Determine the indirect cost/administrative fee to be taken by the school. Use the current indirect cost rate of the project; if the indirect cost rate is 0%, use the gift rate of 20%.
3	Dept	Complete the OSP Residual Balance Form .
3a	Dept	For balances that meet the threshold, please complete the Account Close-out Summary section with a description of the budget categories or line items that were underspent by 10% or more. Indicate the amount budgeted, amount spent and the reason for the underexpenditure. Please include a copy of the budget submitted to the sponsor.
3b	Dept	In the Transfer Coding section, enter the amount <u>to be transferred to the school</u> on the top line. The account string is 275.23210.000001.556301.0000.00000.
3c	Dept	In the Transfer Coding section, enter the amount <u>to be transferred to the PI</u> on the second line. The account string is 275.org.010283.566874.0002.root.
4	Dept	IF BALANCE IS GREATER THAN 25%: Route to PI for signature, then to Approver listed in the Contacts section above. <u>OR</u> IF BALANCE IS LESS THAN 25%: Route to PI for signature, then to your OSP Financial Analyst. These are the only signatures required for the Chan School.
5	SPA	Once approved, Approver will forward to OSP financial analyst for processing, with a copy to the SPA AD, SRA and requestor.

Revision history

- 25 March 2019 – initial policy finalized
- 1 October 2019 – changed business process to route balances less than 25% directly to OSP rather than going through school approver (step 4).