

Residual Balance Procedure

Purpose

This procedure describes the treatment of residual balances associated with negotiated contracts funded from external sponsors.

General Information

A negotiated contract or grant requires that KSU perform a specific scope of work for an external sponsor for a pre-determined amount based on anticipated costs. To reduce risk to the university, it is critical that costs be budgeted to approximate the actual costs of performance as closely as possible.

When the budgeted cost exceeds the actual cost of performance, a residual balance surplus will result which, unless required to be returned to the sponsor, may be used to further the university's mission. On the other hand, a cost overrun will result in a residual balance deficit which must be covered from unrestricted resources.

All participants in this process are responsible for ensuring compliance with this procedure.

Provisions

Following the expiration of the negotiated contract, residual balances will be made available after all the following conditions are met:

1. The agreement does not require return of unexpended balances to the sponsor
2. All project deliverables have been provided to and approved and accepted by the sponsor
3. All direct charges and project revenue have been properly accounted for
4. All project payments have been received from the sponsor
5. All project closeout documents have been provided to the Office of Sponsored Programs (OSP) and the Office of Grants Accounting.
6. All F&A costs have been recovered at the full published university rates in effect at the time of the award

Before distribution, residual balances will be applied toward deficit balances associated with the same project manager and/or department. If the project manager is no longer with the university, the residual balance will revert to the Office of Research.

Distribution

If the balance is less than \$250, the balance will be distributed to the PI's home department and will be handled like other department funds, lapsing at the end of the fiscal year.

If the balance is greater than or equal to \$250, a fund 20 (grant account) project ID will be created to mirror the original project ID/grant number (43XXXXR). The project period of the new

grant account will not exceed 24 months . If the PI leaves the university, the balance of the 43XXXXR grant account will be transferred to the PI's home department.

If the residual balance is $\geq 10\%$ of the original award the GM should consult with the PI to determine the explanation for the difference between the budgeted/proposed costs and the actual costs of the project, and obtain a description of planned expenditures for the remaining funds. This narrative would then be reviewed by OoR and the respective Department Chair for approval before it is distributed.

Anything over 25% of the total award will need executive review defined as: Grant Manager, Department Chair and Director of Post Awards. If needed, an additional level of review can be applied through the Director of Sponsored Programs.