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**RESIDUAL BALANCE POLICY FOR SPONSORED PROGRAMS**

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**Category:** Research

**Responsible Office:** Sponsored Program Operations – Grants

**Date Established:** 07/31/2014

**Date Last Revised:** 03/01/2015

**Date Posted to Library:** 04/01/2016

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**POLICY SUMMARY**

This policy provides guidelines for the management of balance accounts to ensure proper use and accounting for these balances.

**POLICY**

**Policy Statement**

Residual balances occur when a balance remains in a fixed price award after all obligations have been met, including submission and acceptance of all required reports, and payment in full has been received from the sponsor. The direct cost balance in accounts, which have been awarded on a fixed price basis, as well as accounts with small balances that are not required to be returned to the sponsor, are to be expended at the discretion of the campus president.

The transfer of residual balances greater than or equal to 25% of the total direct award amount require written justification by the Principal Investigator (PI) and the approval of the associate vice president for Sponsored Program Operations (SPO). If approved, direct cost balances would be transferred as follows and made available for a period not to exceed two-years in duration:

- Facility and Administrative (F&A) costs will be expended up to the approved budgeted amount
- A minimum F&A rate of 15% will be assessed on all accounts prior to the direct cost balance being transferred
- Remaining direct cost balances will be transferred into a residual balance project/task in the PI's name

It is encouraged that residual balance funds be spent in a timely fashion. Expenditures may not exceed available funding, even if anticipated support is forthcoming.

When a PI leaves the institution, all funds remaining in the residual balance project/task will be returned to the president's account.

**Applicability**

This policy applies to all sponsored program accounts that may become a residual balance account.

## **Definitions**

Direct Cost – Costs that can be specifically identified with the project including salaries, wages and fringe benefits of the campus faculty and staff directly involved in working on the project, materials and supplies, purchased services, travel expenses, equipment rental and acquisitions.

Facilities and Administrative (F&A) Costs - Also called indirect costs. The costs of administrative and support functions of the institution including general administration and general expense, operations and maintenance, building and equipment depreciation, library expenses and interest.

Fixed Price Award – An award requiring specific requirements or deliverables in exchange for a pre-negotiated dollar amount. The dollar amount is negotiated before the agreement is finalized and does not vary even if more or fewer costs are incurred.

Residual Balance – Balance remaining in a fixed price award after all obligations have been met, including submission and acceptance of all required reports, and payment in full has been received from the sponsor.

Residual Balance Account – An account established to hold the unobligated balance of funds remaining in a sponsored account at termination of the project and closeout of the account.

## **Responsibility**

### **Principal Investigator (PI)**

- Monitor account activity to ensure charges are processed promptly.

### **Sponsored Program Operations (SPO)**

- At the time of account close-out, determine the appropriate course of action to take in regard to any balance of funding.
- Review justifications for balances greater than 25% and approve or deny moving the remainder of the account to a residual balance account.
- Fully expend all F&A dollars on fixed price awards or assess the 15% overhead rate.
- Transfer remaining direct cost balances appropriately.

## **RELATED INFORMATION**

### **Related Link:**

[RFSUNY Fixed Price Balance Award Administration Policy](#)

## **CONTACT INFORMATION**

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**REVISION HISTORY**

**Date of change:** 03/01/2015

**Brief description of edit:** Adapted to standard template

**APPROVAL**

Approved prior to 2016