



Residual Balances

Effective Date: July 1, 2017

Last Revision Date: June 5, 2017

1. PURPOSE

The purpose of this policy is to establish a procedure that provides access to residual funds remaining on sponsored awards that are fixed-price and provide a consistent method for recording residual balances in an unrestricted project for future use.

2. RESPONSIBLE CAMPUS DIRECTOR

Controller

3. DEFINITIONS

Fixed-Price: A type of project awarded to the University by an external funding agency when a fair price for the anticipated work is determined at the proposal stage. Costs are pre-determined based on a fixed fee per unit of service or goods. The total award is not subject to any upward or downward adjustment of funds based on actual cost. There is no stipulation or expectation that excess funds be returned to the funding agency.

Residual Balance: Unobligated, unspent balance remaining in a sponsored department ID at the conclusion of the project. A residual balance occurs when the income or revenue is greater than the expense incurred upon completion of the project.

4. POLICY

Fixed-price agreements are a common contracting mechanism between the University and external sponsors. These agreements require the University to provide services or goods in exchange for an agreed purchase price. In the course of providing these services or goods, the University may or may not incur costs that equal the purchase price.

If the purchase price exceeds the University's costs, a residual balance may be available. A residual balance meets the definition of a gift, as these balances:

- Are funds provided for general, unrestricted support for broadly defined activities once the original grant/contract is completed;
- Do not require detailed reports on the use of the balance;

- Do not have provisions imposed by the sponsor [donor] after the contract/grant is completed;
- Do not have a specific time limit on the expenditure of the funds;
- And rights to any patent/copyright are not retained by the sponsor [donor] after the contract/grant is completed.

Upon completion of the fixed-price project, a residual balance will be transferred to an unrestricted 233 project. The transfer of these balances will occur after all project costs, including all indirects as originally budgeted, are incurred and posted to the fixed-price project. The unrestricted 233 project is to be used by the department to further research activities.

5. PROCEDURES

A. Campus Process

- Verify fixed price project qualifies for this process. (See B. Required Criteria)
- Department/Principal Investigator (PI) generates request
- Department emails request to Dean's office for submission to the Grant Accountant

NOTE: This process is to move positive balances only. If a fixed-price project is completed and in overdraft status, a transfer of expenditures from the overdrawn project is required.

B. Required Criteria

All of the following must be met before submitting a request to move the remaining balance of a fixed-price project to an unrestricted 233 project:

- The project is fixed-price (i.e., there is no provision for return of unexpended funds to the Sponsor);
- All payments required from the Sponsor have been received by the university and appropriately applied to the fixed-price project.
- The project budget in WISDM has been verified to accurately reflect the cash received for all invoices and/or required payments.
- All required project work is complete, and all reports and other deliverables have been provided to the Sponsor.
- All expenses related to the completed work have been properly charged to the project account. (i.e., all transfers have been completed and are applied to the project in WISDM.)

C. Unrestricted Project for Residual Balances

An unrestricted project will be created using the following criteria unless one already exists for a particular PI incurring a residual balance:

- Under fund 233 as a Gift project.
- The sponsor will be "Multiple Donors".
- The description will be "Discretionary Research Funding".

- One project per PI.
- Only residual balance transfers should be added to the established unrestricted project.

D. Guidelines for Unrestricted 233 Projects

Note: all 233 projects are managed by General Ledger staff

- One 233 project can be created for each PI.
- All of the PI's eligible residual balances from fixed-price projects can be moved to the same 233 project.
- Funds added to the project should only be residual balances moved from fixed-price projects. (Sales credits and other revenue/cash should not be added.)
- Closeout requests should be sent to the Grant Accountant if the PI is no longer at the university. All residual funds are moved to the same 233 project, so closeout should not be requested unless it will never be needed again.

6. REFERENCES and RELATED DOCUMENTS

[UW System Administrative Policy 342: Extramural Support Administration](#)

[UWSP Grant Accounting](#)

7. POLICY HISTORY

Effective Date: 07/01/2017

Approved: 06/26/2017

Approved by: Vice Chancellor for Business Affairs

8. SCHEDULED REVIEW

January 2022