# Residual Balance Request Form

University of Georgia
Post Award Accounting

The University will allow Principal Investigators (PIs) access to residual balances from restricted fixed price accounts in accordance with the policy found at http://policies.uga.edu/FA/nodes/view/868/Fixed-Price-Contracts-Residual-Balance. Residual balances of $500 or more will either be extended for a six-month period or transferred to the department's 950 residual account. Balances of less than $500 will automatically be transferred to the department's 950 residual account.

Prior to the extension or transfer of the residual balance, any remaining Facilities & Administrative (F&A) costs will be deducted from the account's residual balance in one lump sum (at the rate assessed at the time of award).

Account Number: _____ Total Award Amount: _____

| | |
|---|---|
| Current Balance: | |
| Less: Remaining F&A | |
| Residual Balance: | |

Please choose one of the following:

- ☐ Transfer remaining balance to your departments 950 residual balance account
- ☐ Extend the existing restricted account for six months

**I confirm the following:**

- ☐ All work has been completed and **all** project costs have been incurred and charged to the project's restricted account. No project costs were charged to a separate UGA account, account of a UGA affiliate (UGA Foundation, etc.), or third-party funding source. If project costs were charged to a separate account, attach an accounting of those costs and justification for charging to a separate funding source.
- ☐ All technical reports have been submitted to the sponsor.
- ☐ A copy of the final technical report has been sent to the Office of Sponsored Programs.

Principal Investigator Name _____ Principal Investigator Signature _____ Date _____

**For Residual Balances in excess of 25% of the total award amount**

Percentage Remaining: _____ Please provide an explanation of how the excessive funds remain while still achieving the statement of work.

Department Head Name _____ Department Head Signature _____ Date _____

Dean/Director Name _____ Dean/Director Signature _____ Date _____

Once this form has been processed, Post Award Accounting should notify the following (please list names and email addresses):

Please email this form to your Post Award Accounting Invoicing Representative. This information can be found here: http://www.busfin.uga.edu/contracts_grants/cg_search.html

Note: Final expenses and final payments have to post to the account before Post Award Accounting can process a Residual Balance Request Form.

# GUIDELINES for Determining Whether an Agreement/Contract is Fixed Price or Cost Reimbursable

**Purpose**: The purpose of these guidelines is to elaborate on the general definitions of the terms "fixed price" and "fee-for-service" provided in the UGA Residual Balance Policy (RBP) and to establish guidelines for consistent interpretation and usage of these terms to indicate that funding is residual balance eligible under the RBP.

Use of the term "fixed price" or "fee-for-service"[1] implies that (1) the sponsor expects to pay a set amount regardless of the actual cost of the project, and (2) UGA/UGARF does not have to refund any residual balance on the restricted account amount to the sponsor.

**Definitions:**

Fixed Price Agreement: A sponsored agreement or contract established within a University restricted account whereby the sponsor agrees to pay an agreed upon price, for an agreed upon product or deliverable.

Fee-for-Service Agreement: A sponsored agreement or contract established within a University restricted account whereby the sponsor agrees to pay an agreed upon price for agreed upon services or individual tasks performed.

Cost Reimbursable Agreement: A type of agreement that provides for payment of allowable incurred costs, to the extent prescribed in the agreement. These agreements establish both an estimate of total cost for the purpose of obligating funds and a ceiling that the grantee or contractor may not exceed (except at its own risk) without the approval of the sponsor. Costs will not be reimbursed by the sponsor until after they are incurred by the grantee.

**Procedures**:

Determination of the contract/agreement type (fixed price or cost reimbursable) is the responsibility of the Office for Sponsored Programs (OSP). The appropriate designation will be entered on the OSP Award Checksheet at the time the award is being processed. Staff in Post Award Accounting will then enter this information into the UGA mainframe when setting up the award.

At closeout, Post Award Accounting will refer to the mainframe to confirm whether the account is RBP eligible. Any questions about this status in the mainframe will be directed to OSP grants administrators.

OSP will be guided by the following rules in determining whether a contract/agreement is fixed price or cost reimbursable:

**Rule 1**: Awards that are given directly to UGA/UGARF:

(1) from the federal government;

(2) from entities which flow down federal funds (e.g., a subaward to UGA from another university, a State agency or a private company for a federally-funded project); **OR**

(3) from awards issued by a U.S. territory, state or county;

will automatically be considered cost reimbursable. This includes awards where payments are directly tied to tasks or deliverables.

The only exception to this rule is a contract/agreement that:

- does not include federal or federal flow-through funds, OR includes federal or federal flow-through funds to UGA/UGARF as a vendor as described in OMB Circular A-133[2] and the detailed scope of work for the project clearly supports a vendor relationship,[3] **AND**
- meets all of the bulleted criteria in Rule 2 below.

**Rule 2**: Awards to UGA/UGARF from private organizations and associations, including industry, will be considered fixed price as long as:

- There is language saying the award is fixed price,
- There is no reference to applicability of federal accounting circulars (other than A-133) or Cost Accounting Standards (CAS),
- Agreement/contract is silent as to the treatment of unspent funds or specifically provides that unspent funds remain with UGA/UGARF, including no reference in the proposal guidelines,
- There is no reference to costs being "reimbursable,"
- Sponsor approval is not required for budget changes,
- There is no reference to monitoring of expenditures or limitations on types of expenditures,
- There are no audit requirements,
- There are no financial reporting requirements, **AND**
- No applicable terms and conditions require the return of residual dollars.[4]

Otherwise, the agreements/contracts will be considered cost reimbursable.

Remember, the presence of a budget, in and of itself, does not legally bind UGA/UGARF to return unspent funds after the final deliverable is provided; rather, the applicable terms and conditions govern this.

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*Note: UGA should counsel faculty to NOT present detailed budgets to potential sponsors. Sponsors typically "buy into" projects on the basis of the bottom line or overall cost of a project---not because of specific line items. Budgets are tools used to set a fixed price and should include a reasonable estimation of the total costs needed to complete the work. By not having to work around detailed budgets, it is easier for OSP grants administrators to negotiate clear fixed price agreements.*

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[1] Within this document, "fixed price" will be used to denote both "fixed price" and "fee-for-service" accounts.

[2] See OMB Circular A-133 Subpart B §__.210 (excerpted below).

**§___.210 Subrecipient and vendor determinations.**

(a) General. An auditee may be a recipient, a subrecipient, and a vendor. Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.

(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:
(1) Determines who is eligible to receive what Federal financial assistance;
(2) Has its performance measured against whether the objectives of the Federal program are met;
(3) Has responsibility for programmatic decision making;
(4) Has responsibility for adherence to applicable Federal program compliance requirements; and
(5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

(c) Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:
(1) Provides the goods and services within normal business operations;
(2) Provides similar goods or services to many different purchasers;
(3) Operates in a competitive environment;
(4) Provides goods or services that are ancillary to the operation of the Federal program; and
(5) Is not subject to compliance requirements of the Federal program.

(d) Use of judgment in making determination. There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.

(e) For-profit subrecipient. Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The contract with the for-profit subrecipient should describe applicable compliance requirements and the for-profit

subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.

(f) Compliance responsibility for vendors. In most cases, the auditee's compliance responsibility for vendors is only to ensure that the procurement, receipt, and payment for goods and services comply with laws, regulations, and the provisions of contracts or grant agreements. Program compliance requirements normally do not pass through to vendors. However, the auditee is responsible for ensuring compliance for vendor transactions which are structured such that the vendor is responsible for program compliance or the vendor's records must be reviewed to determine program compliance. Also, when these vendor transactions relate to a major program, the scope of the audit shall include determining whether these transactions are in compliance with laws, regulations, and the provisions of contracts or grant agreements.

[3] Regarding the vendor determination, Post Award Accounting will make a determination based on the scope of work and the substance of the relationship with the sponsor, independent of the terminology used by the sponsor and the form of the agreement/contract, to determine whether UGA/UGARF is acting as a subrecipient or vendor. When UGA is a vendor, the funding often may be managed as sales and service.

[4] In some instances, proposal guidelines or sponsor policies may state that the sponsor will not allow grantee retention of unspent funds, even though the award document does not mention disposition of unspent funds. In such cases, this will mean the agreement is cost reimbursable and not fixed price.