

Sponsored Project Residual Funds

Approved: 30Apr26

Administering Unit: Graduate School and Research

I. Purpose

The purpose of this policy is to provide guidance regarding the use and disbursement of residual funds at the conclusion of a sponsored project performed under a fixed price contract.

II. Definitions

Fixed Price Contract: A contract where the payment amount does not depend on resources used or time expended.

Residual Funds: Unobligated, unspent cash balances remaining in fixed-price sponsored project cost centers at the conclusion of an award.

III. Background

Fixed price contracts are discouraged due to the risk associated with such sponsored projects. A fixed price contract requires that the scope of work be completed for the sponsoring agency regardless of the actual cost of doing the work. The principal investigator should budget carefully to ensure that actual costs for fulfilling the work and the funds paid by the agency match. All costs for a fixed price project must be expended directly to the sponsored project. The accurate pricing and charging of costs should not result in either a deficit or a substantial surplus at project completion and submission of required deliverables to the sponsoring agency.

IV. Management of Residual Funds

A fixed price contract is complete when all sponsor requirements are satisfied (inclusive of all deliverables), all obligations are liquidated, all allocable expenditures have been charged, and after full payment is received from the sponsor.

If a reduced facilities and administrative (F&A) rate was applied to the project, the Office of Research Administration (ORA) will first expense unrecovered F&A costs to the fund. Then ORA will expense F&A costs at the rate established in the current negotiated indirect cost rate agreement based on the unspent balance of funds. After such F&A expenses are applied, residual funds up to and including 10 percent of the total project budgeted cost will be transferred to the principal investigator's indirect cost fund. Residual funds in excess of 10 percent of total project cost will be transferred to the ORA indirect cost fund.

ORA may review any unusually large residual balance to ensure compliance with Uniform Guidance cost principles and to confirm that all allocable costs were appropriately charged.

V. Rules for Use of Residual Funds

Funds transferred to the principal investigator's indirect cost fund are restricted and must be used in a manner consistent with recovered F&A costs. Residual funds may only be used for costs allowable under the sponsored project. Residual funds must follow all WCU spending guidelines and may be used to support research development, proposal preparation, and other activities that enhance the University research enterprise.