RESIDUAL FUNDS ON FIXED FEE CONTRACTS/AGREEMENTS

BACKGROUND

A fixed-fee service contract or agreement is one that requires UT Health San Antonio to perform work necessary to produce deliverables (e.g., services, consulting, training, sample analysis) as specified in the contract document for a fixed dollar amount. Examples of these types of agreements include those for medical directorships, resident placement in health facilities, pre-clinical or other testing, clinical drug and device studies, evaluation, and the like.

Fixed price agreements generally do not carry budget categorical restrictions. Typically the sponsor’s only involvement after the agreement is executed is the receipt of the deliverables or services and providing payments. Payments are made to UT Health San Antonio either at scheduled intervals (e.g., monthly, quarterly, etc.) or are based on a specific deliverable or event schedule. All or part of the final payment may be withheld until all deliverables or services have been approved by the sponsor. Because these are fixed fee agreements and unless otherwise specified in the funding agreement, unspent (residual) funds are not returned to the sponsor, but may be retained by UT Health San Antonio.

POLICY

The following policy applies to expenditures made on fixed price agreements housed in Fund Groups 41xxx-48xxx and provides for the disposition of residual balances from those agreements:

1. Applicable expenditures for the services rendered must be placed on the project ID that the Office of Sponsored Programs (OSP) establishes for the individual contract agreement. This helps to ensure that funds from other sources are not subsidizing expenditures made in the performance of fixed price agreements and that any applicable auditing requirements are satisfied. Expenditures made in furtherance of the objectives of the fixed price agreement cannot be posted to any project ID other than the one established for the specific project.

2. The department or administrative unit should regularly monitor the activity in the individual contract or agreement project ID for
appropriate expenses and to ascertain that the project ID holder is effectively managing the sponsored funding.

3. If any unspent funds remain after the completion date of the agreement and/or after all deliverables have been made, these unspent funds (residual balance) may be transferred to a department/administrative unit project ID as follows:

a. the department Chair/administrative unit head may request that the funds be made directly to the Principal Investigator or Director of the project;

b. any request for residual funds transfer shall be made to the OSP using a specified format;

c. transfer of any residual funds in excess of 25% of the amount received shall require the approval of the applicable Dean or Executive Committee Member by utilizing the Residual Funds form;

d. any residual funds shall first be applied to any deficits that may exist in the name of the proposed project ID holder;

e. any residual funds shall be used to support the mission of UT Health San Antonio and expended pursuant to applicable policy;

f. the department/administrative unit will be responsible for paying, from departmental/administrative funds, any additional expenses related to a project that is closed (including, but not limited to, expenses related to an FDA audit or documentation storage fees); and,

g. in the event a Principal Investigator or Project Director resigns from UT Health San Antonio, retires, dies or is otherwise separated from UT Health San Antonio employment, any balances in the project ID housing residual funds will revert to the department/administrative unit to support its mission.
The OSP has developed procedures and forms to be used for the application of this policy that can be accessed at: [http://research.uthscsa.edu/osp/residualfunds.shtml](http://research.uthscsa.edu/osp/residualfunds.shtml)