

# HARVARD UNIVERSITY



## Fixed Price Residual Balances Guidance

Originally Issued: June 8, 2016  
Last Revised: July 1, 2021  
Responsible Office: Office for Sponsored Programs

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### Reason for Guidance

Fixed price sponsored awards are awards in which an agreed upon, set price is determined for the project to be accomplished. If the cost of the project exceeds the awarded amount, the University absorbs the additional costs required to perform the work. Many of the fixed price sponsored awards accepted by Harvard are with industry partners; however, federal and non-federal sponsors, including foundations, can issue a fixed price award. With respect to industry-sponsored awards, the University, through its Office of Technology Development (OTD), endeavors to negotiate fixed price terms in all awards; however, not all industry-sponsored research results in a fixed price award.

Principal Investigators (PIs) and administrators must prepare accurate, detailed proposal budgets, and include costs associated with the fixed price sponsored award to fully capture all resources necessary for the work performed on the project. If the project is performed at a cost below the awarded amount, the residual balance must be treated in accordance with the terms and conditions of the award and/or the sponsor's written policies relating to disposition of residual balances. If the award and sponsor are either silent on this issue and/or allow for residual balances to be retained by the University, then the funds can be transferred to a University account. As a non-profit institution, the University's mission is not to seek profit from its research activities; therefore, significant residual balances on fixed price sponsored awards may call into question the validity of the proposed budget and potentially affect the University's tax-exempt status.

A [Fixed Price Residual Balance Form](#) is required for any sponsored awards with a remaining balance of \$250 or more at award end, when the sponsor allows the balance to be retained. Balances \$10,000 or more require a Balance Justification, PI signature, and OSP signature. Please refer to your school's local

procedure, included in resources section for additional requirements below this threshold. Balances below \$250 or interest-only transfers do not require a form.

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## **Applicability**

This guidance is applicable to all Principal Investigators (PIs) and administrators at Harvard University within all Schools, units, divisions, University-wide initiatives, labs, and centers who are involved with the administration and conduct of sponsored awards.

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## **Roles and Responsibilities**

Fixed price sponsored award responsibilities are shared among the following:

### **PI & Department/Local Level Managing Unit (DLLMU)**

- Ensure all expenses charged to the fixed price award are allocable, allowable, and reasonable and that the accounts are fully reconciled
- Complete all deliverables as specified in the award
- Inform Sponsored Projects Administration (SPA), Office of Sponsored Programs (OSP), or Office of Research Administration (ORA) of any delays or issues in completing deliverables
- Review and follow all terms and conditions of the award and sponsor requirements relating to disposition of residual balances
- Complete, approve, and submit to the school official a Fixed Price Residual Balance form for remaining balances of \$250 or more at award end, when the sponsor allows the balance to be retained. Balances of \$10,000 or more require a Balance Justification, PI signature, and OSP signature. Please refer to your school's local procedure, included in Resources section below, if additional requirements below this threshold are applicable. Balances below \$250 or interest-only transfers do not require a form.
- Retain copies of approved forms locally. It is recommended to upload a copy to the segment repository in GMAS.

### **School Official**

- Determine whether the indirect cost portion of the remaining balance, under-recovered overhead, or any administrative fee should be retained by the School
- Review and follow all terms and conditions of the award and sponsor requirements relating to disposition of residual balances
- Review and approve the [Fixed Price Award Residual Balance Transfer Form](#) for accuracy, completeness, and adherence to school procedures

### **Office for Sponsored Programs (OSP) and Office of Research Administration (ORA)**

- Use reasonable efforts to negotiate appropriate language about residual balances in all fixed price awards

### **Office of Technology Development (OTD)**

- Use reasonable efforts to negotiate appropriate language about residual balances in all industry sponsored fixed price awards
- Request internal budgets from PI & Department/Local Level Managing Unit and facilitate review of internal budgets by relevant School and OSP, SPA, or ORA prior to executing industry sponsored research agreements
- Notify OSP/SPA/ORA at account set up of fixed price awards
- Coordinate with Department, OSP/ORA regarding necessary institutional approvals and OSP information management (e.g., term extensions, additional funding for the project, follow-on research)

### **Office for Sponsored Programs Research Finance (OSP RF)**

- Review and follow all terms and conditions of the award and sponsor requirements relating to disposition of residual balances
- Monitor sponsor payments throughout the life of the award and inform department and PI of any payment delays
- Work closely with the department on timing of deliverables, invoicing, and reporting

- Review account to ensure that all sponsored funds have been received, all expenses related to the project are reflected in the account, and all award requirements have been met
- Work with the department to facilitate a refund to the sponsor if the terms and conditions do not allow the retention of a residual balance
- Review and approve the Fixed Price Award Residual Balance Transfer Request Form for balances of \$10,000 or more and return the signed form to the school and the requesting department
- Journal the unexpended funds into the appropriate account(s)

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## Procedures

- At award closeout, Department and PI will ensure that all income has been received, expenses related to the project are posted to the account, effort charged to the project is in line with the work performed, award requirements have been met to determine a final figure and terms and conditions of the award relating to disposition of residual balances have been followed
- If the terms and conditions do not allow the retention of a residual balance, OSP Research Finance will work with the department to facilitate a refund to the sponsor
- If an unexpended balance of \$250 or more is remaining and can be retained, the department will complete the [Fixed Price Award Residual Balance Transfer Form](#). Balances below \$250 or interest-only transfers do not require a form.
- Balances of \$10,000 or more require a Balance Justification, PI signature, and OSP signature. Please refer to your school's local procedure, included in resources section for additional requirements below this threshold. School's financial and/or research administrative office(s) will review and approve the Fixed Price Award Residual Balance Transfer Request Form for completeness, accuracy, and adherence to school procedures and submit to the OSP FA.
- OSP RF will review and approve the Fixed Price Award Residual Balance Transfer Request Form if required by this guidance
- Once approved, the OSP FA will journal the unexpended balance to the specified non-sponsored department account and/or School/Local unit account and send an approved copy of the form to the department and school official

- As with all sponsored awards during closeout, the department is responsible for the final reconciliation to allow OSP RF to close out the award

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## Additional Resources

- [Fixed Price Award Residual Balance Transfer Form](#)
- School Local Procedures
  - [HMS](#)
  - [GSE](#)
  - [HKS](#)
  - [SEAS](#)
  - [SPH](#)

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## Related Policies and Documents

- [Closeout and Reporting Policy for Sponsored Awards](#)
- [Policy for the Application of Indirect Costs to Sponsored Awards](#)
- [Sponsored Expenditures Guidelines](#)
- [Interest Income Paid on Non-Federal Sponsored Funds](#)

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## School Officials

When a form is required, submit to your school official listed below.

- FAS – [Nuala McGowan](#)
- HGSE – [Tiffany Blackman](#)
- HKS – [Carrie Kachoria](#)
- HLS – [Leah Keating](#)
- HMS – [Sheila Doyle](#)
- HSDM – [Andrea Morris](#)
- SEAS – [Leslie Schaffer](#)

- SPH – [Kristie Lister](#)
- WYSS – [Van Ferrell](#)

For all other tubs, please [contact the OSP portfolio manager](#) assigned to your department/center.

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## Revision History

- June 2016
  - Initial effective date of guidelines
- March 2018
  - Revised to clarify School may recover indirect costs up to the federally negotiated rate and the order of the signatures on the form
- July 2021
  - Revised the roles and responsibilities
  - Clarified the procedures and focused on award closeout
  - Revised the Fixed Price Award Residual Balance Form and added Instructions
  - Reduced the University threshold from \$100,000 to \$10,000 and the requirement of a form for balance of \$250 or more
  - Added references to school specific guidance