

RESIDUAL FUNDS FOR SPONSORED PROJECTS (TULANE UNIVERSITY POLICY)

RESPONSIBLE UNIVERSITY OFFICIAL: Director, Grants and Contracts Accounting (“GCA”);
and Director, Sponsored Projects Administration
 (“SPA”);

RESPONSIBLE OFFICES: GCA and SPA

COORDINATING DEPARTMENTS: All Academic Departments participating in sponsored
projects; Financial Services; Budget Office; Provost’s
Office; Deans

ISSUED DATE: July 1, 2011

EFFECTIVE DATE: July 1, 2011

LAST REVIEWED DATE: July 1, 2011

NEXT REVIEW DATE: July 1, 2014

WHO NEEDS TO KNOW THIS POLICY: Deans, Department Chairs, and Principal
Investigators participating in sponsored activity

WEBSITE ADDRESS FOR THIS POLICY: [Tulane University - Research Policies and Information](#)

I. Purpose

To provide guidance for the treatment of Residual Funds that exist after the completion of the project (as defined below) from sponsored research involving Fixed Price Contracts. This policy applies to all sponsored activity with Fixed Price Contracts funded by third parties (e.g., private, governmental, not-for-profit, etc), including but not limited to clinical trials.

II. Definitions: For purposes of this policy, the following definitions shall apply:

- A. **Fixed Price Contract:** Award mechanism where the sponsor provides funding at the beginning of the award period or periodically (e.g. based on milestones or deliverables) as a firm, predetermined price
- B. **Full Sponsor Payment:** Sponsor reimbursement to the University for all costs as per the final invoice or financial status report or payment for all activities and/or deliverables per the clinical trial or fixed price agreement.
- C. **Residual Funds:** Cash surplus on hand in a sponsored research project account at the University remaining after (i) completion of all deliverables required under an award; (ii) Full Sponsor Payment (as defined above) to the Institution; (iii), applying and posting all associated costs and cash received in fulfilling the requirements of the award to a sponsored research account; and (iv) recovering all indirect costs otherwise due to the University.
- D. **Project Completion Date:** Either the end date stated in the notice of grant award or fully executed contract. In the case of clinical trials, this would be the date reported

by the responsible department to Sponsored Projects Administration (“SPA”) and Grants and Contracts Accounting (“GCA”) as the close date of the study.

III. Policy

- A. To the extent that Residual Funds exist after Full Sponsor Payment, within one-hundred and eighty (180) calendar days of the Project Completion Date such Residual Funds shall be distributed by the University as follows:
1. Two-thirds ($2/3^{\text{rd}}$) of the Residual Funds shall be distributed to the Principal Investigator’s (“PI”) department; and
 2. One-third ($1/3^{\text{rd}}$) of the Residual Funds shall be distributed to the Dean of the PI’s school.
- B. *Exceptions:*
1. Residual Funds shall be returned to the sponsor for those projects where the sponsorship agreement specifies that the University is required to return any Residual Funds to the sponsor.
 2. If the PI’s salary and research program are supported entirely from external funds, an exception to this policy may be considered, as approved by the Dean of the PI’s School/Department.
 3. This Residual Funds policy does not apply to unspent sponsored funds that exist during the period after the lapse of an award’s term and the formal extension of an award, assuming that an award is actually extended.
 4. GCA must first apply residual funds to any deficits that exist on that PI’s expired sponsored project accounts before distribution of the residual funds in accordance with Section III(A) of this policy.
- C. Should a PI’s association with Tulane end, all residual funds assigned to the PI shall remain with the University since the agreement is between the sponsor and the University, not the PI.

IV. Procedure

- A. Within one-hundred and eighty (180) calendar days of the Project Completion Date and after Full Sponsor Payment, the PI’s department must fill out the [“Notification to Close TAMS Accounts/Projects”](#) (“Closeout Form”) to document that all expenditures are accounted for and that all persons owed money on the sponsored project have been paid. The Closeout Form should be submitted to SPA, which will forward a copy to GCA.
- B. Within thirty (30) days of receipt of notice from SPA of the Closeout Form, GCA will: (a) assure that all remaining indirect costs are recovered by the Institution; (b) transfer the Residual Funds to the Dean of the PI’s department, which includes conversion from a 5 to 6 ledger account (i.e., from a restricted to unrestricted account); and (c) close the sponsored account.

- C. Upon receipt of any transferred residual funds from GCA, the PI's dean will distribute the Residual Funds in accordance with Section III above.
- D. The Dean of the PI's department shall undertake the following no later than upon receipt of the allocated Residual Funds:
 - 1. Establish a policy on how Residual Funds will be maintained, allotted and spent, which shall be consistent with and in furtherance of the University's mission; and
 - 2. All departments with Residual Funds must submit an annual report to their respective dean as to how such Residual Funds were spent over the past year.

V. Related Policies

- A. [Deficit Spending and Cash Balance Review for Sponsored Projects](#)
- B. [Financial Closeout of Sponsored Projects](#)
- C. [Cost Transfers](#)

VI. Related Forms

- A. [Notification to Close TAMS Accounts/Projects](#)