

**NOVA SOUTHEASTERN UNIVERSITY  
OFFICE OF SPONSORED PROGRAMS  
POLICIES AND PROCEDURES**

**AWARD CLOSING**

**FINANCIAL DISPOSITION OF RESIDUAL FUNDS – FIXED AMOUNT AWARDS**

**EFFECTIVE 12-01-08, REVISED 12-26-2014, 09-18-2018**

**POLICY #47**

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**PURPOSE:**

To establish the university policy and procedures concerning the disposition of funds remaining after a fixed amount award ends.

**DEFINITIONS:**

Fixed Amount Award: A type of award (grant, cooperative agreement, contract) or subaward under which the sponsor provides a specific level of support without regard to actual costs incurred. Fixed amount awards may be used if the scope is specific, and if adequate cost, historical or unit pricing data is available and the amount is negotiated using cost principles (or other pricing information) as a guide. Under a fixed amount award, payments are made based on meeting specific requirements and accountability is based primarily on performance and results. Payments may be made in partial or lump sum amounts based on milestones identified in the agreement, or on a unit price basis for a defined unit or units.

Residual Balance: The remaining unspent funds left in a sponsored project account following the closeout of a fixed-amount award.

**POLICY:**

The university will accept fixed amount awards and will encourage negotiation so that costs incurred will not exceed the award amount. Principal Investigators/Project Directors (PIs/PDs) and their Colleges/Centers receiving fixed amount awards are responsible for charging all appropriate expenses incurred (i.e., salaries, benefits, travel, supplies, etc.) during the period of performance of a fixed amount award to the award account.

If at the completion of the award, the total actual costs incurred exceed the fixed amount award received by the sponsor, the PI/PD's College or Center will be responsible for covering the cost overrun. If the total actual costs are less than the fixed amount award received, a residual balance exists which may be retained by the university in accordance with sponsor terms and conditions, and the procedures outlined below.

**REFERENCES:**

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- NSU Financial Operations Accounting and Financial Policies and Procedures, <http://www.nova.edu/fop/forms/policies.pdf>

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**PROCEDURES:**

1. Fixed amount awards are appropriate when the project scope is specific and when adequate cost, historical or unit pricing data is available to establish an accurate fixed amount award. The PI/PD and his/her College or Center are responsible for ensuring accuracy of established cost estimates, which must be prepared in accordance with applicable cost principles, sponsor policies, and university policies. Such cost estimates must also be provided by the PI/PD to OSP for review (refer to OSP Policy No. 4 – *Budget Preparation and Review*).
2. After the period of performance under a fixed amount award has ended, no new obligations or expenses can be incurred. If there is a cost transfer after the period of performance, the cost transfer can only be allowed if the costs were incurred during the period of performance and are allocable and allowable to the sponsored project, in accordance with OSP Policy No. 37 – *Cost Transfers*.
3. Any final programmatic reports or required certifications of project completion at the end of the award will be submitted to the sponsor, if applicable, in accordance with award terms and conditions, prior to initiation of the closeout process (refer to OSP Policy 44 – *Closing a Sponsored Project*).
4. The Contracts and Grants Accounting Department (CGA) will review all financial records for the award to verify all costs have been charged and all payments are received in full.
5. If there is a deficit in the account, CGA will request that the PI/PD or his/her College/Center provide an account number to absorb the cost overage.
6. If there is a residual balance on the award account, CGA will first charge any waived F&A costs up to the appropriate NSU negotiated rate, if applicable, in accordance with any sponsor restrictions. Any remaining residual balance of \$200 or less will automatically be transferred by CGA to the PI/PD's research account.
7. For residual balances exceeding \$200, the PI/PD will confirm the residual balance with CGA and initiate the [Request for Use of an Unobligated Balance from a Fixed-Amount Award form](#) and forward to the Dean/Director, the OSP, the Controller, and the Tax Director for completion/signature. In the case of a large residual fund balance (greater than \$10,000 or 10% of the award amount, whichever is less), the PI/PD will provide a justification with the form explaining the reason for the residual balance and proposed use of the residual funds. Such requests may be subject to further review and approval.
8. A copy of the form and justification, if applicable, will be included in the OSP's official award file (refer to OSP Policy No. 26 – *Official Award File and Record Retention*).

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9. Any funds that remain after CGA has reviewed and accounted for the items above, including all required signature and approvals, will be transferred by CGA to the unrestricted account(s) designated by the College/Center.
  
10. After residual balance or deficits have been addressed, CGA will proceed with the closeout of the fixed amount awards (refer to NSU Financial Operations Accounting and Financial Policies and Procedures - Finance Policy 127.13 – *Close-Out of Federal Awards*).