FIXED PRICE/RESIDUAL GRANT AND CONTRACT FUNDS
MANAGEMENT PROCEDURES

There are situations when an award between the College and a funding entity is based on a firm, fixed negotiated price for a specific task rather than as a reimbursement for actual expenditures incurred.

When developing and negotiating a fixed price agreement, the Office of Sponsored Programs ensures that prior to accepting the award:

1. All costs have been identified and included in a budget reviewed and approved by OSP. Not only must the proposed budget be a comprehensive cost estimate of what will be required to complete the effort to avoid providing a subsidy from institutional funds, the budget must be reasonable to avoid the appearance of attempting to generate significant earnings over the amount required to complete the project.
2. Research contracts from private companies must include full Facilities and Administrative (F&A) costs.
3. Fixed price awards from foundations or other private organizations must include the full F&A rate allowed by the entity.

During project performance the principal investigator and Office of Sponsored Programs should exercise due diligence to ensure that all costs associated with the work are charged to the project. At project completion when all obligations have been covered and all payments have been received, residual funds will become available for internal distribution.

DISTRIBUTION PROCESS:

1. At the end of the award, OSP will review charges and receipts to ensure accuracy and completeness and will submit a final Investigator Close-Out Form to the Principal Investigator for review and certification. (Attachment A)
2. A final posting for F&A costs will be made to the fixed price award following the formula developed by the Office of the Vice Provost (VPR). A sample worksheet, Attachment B, is included. For awards that included full F&A at the time of the award, that rate will be used for the final F&A assessment. For awards that included less than full F&A, the rate current at the end of the award will be used.
3. After posting the F&A:
   a. For awards with full F&A, if the residual balance exceeds 20% of the initial award budget, 20% will be distributed to the PI’s FP index. The remainder will be transferred to the department’s fixed price index.
   b. For awards that were accepted with less than full F&A, if the residual balance is greater than 15% of the initial award, 15% of the residual will be transferred to the PI’s FP index. The remainder will be transferred to the department’s fixed price index.
   c. Residuals of less than $1,000 will be transferred without assessment of F&A.
4. Each principal investigator will be assigned a fixed price index.
5. Fixed price funds carry forward at the end of each fiscal year.
MANAGEMENT PROCESS:

1. Fixed price funds are available to the principal investigator to support research and instructional activities and may be used for operational expenses such as supplies, equipment and student support. Use of these funds for PI compensation is strongly discouraged, and a written request and approval must be processed by the Office of the Provost prior to incurring such costs.

2. If the principal investigator had a prior fixed price award that resulted in a deficit, any residual balance must be applied to the existing deficit before funds are made available to the PI.

3. Fixed price funds are College funds and must follow procurement, human resource and other mandatory state and institutional guidelines.

4. Fixed price funds are under the purview of the department and do not require OSP oversight or approval.

5. OSP will regularly monitor the budget status of fixed price indexes. If there is a budget deficit, the overexpenditures will be moved to another department index and the fixed price index will be inactivated to prevent posting of additional expenditures. If the faculty member is eligible to receive additional funds, the index will be reactivated.

6. If the principal investigator dies, retires, or leaves William and Mary employment, unexpended fixed price variance funds revert to the Office of the Provost. If a principal investigator retires, s/he may submit a proposal to the Office of the Provost to continue to use any remaining funds. The initial proposal will be reviewed by the Provost and the funds will remain available for three years or until the funds are exhausted, whichever comes first. For funds remaining after the initial three year period, the principal investigator must submit another proposal each year to retain access. Those proposals will be reviewed by the Department Chair and Office of the Provost and may be referred to the Faculty Research Committee (FRC) to grant additional extensions.

ACCOUNTING STRUCTURE:

Coding for fixed price funds:
- GRANT: 790001 (provides multi-year, carry-forward capability)
- FUND: 132000
- INDEX: 13XXXX (assigned to individual PIs and departments, differentiated by the PI/Department Organization Code) Full list available by using Banner INB report FGRACCI

Accounting entries:
- CASH – Cash residuals will be transferred to fund 132000
- BUDGET – A budget entry using account code 700000 (Undesignated Budget) will post the amount being made available to each index.