

Sam Houston State University
A Member of The Texas State University System

Finance & Operations Policy FO-ORA-01
Fixed Price Sponsor Agreements & Residual Balance Policy

Sam Houston State University (SHSU) may enter into fixed price sponsored project agreements that allocate funds for specific expectations (deliverables, services, etc.) within a specific period of time. The Office of Research Administration (ORA) will administer fixed price sponsored project agreements according to the administrative and financial requirements of the agreement. A budget must be developed as part of the agreement to determine the fixed price amount in the award. This budget will be based on estimated actual expenditures and indirect costs (IDC), unless an IDC exception is granted, SHSU will incur to meet the terms of the agreement. The agreement terms must be met regardless of the actual cost to the responsible department once the agreement is finalized.

A “Deficit Balance” occurs when actual expenditures exceed the revenue earned from the agreement. This balance will be funded by the department(s) responsible for fulfilling the terms of the agreement or by another method with approval from the Provost and Vice President of Finance & Operations. A “Residual Balance” occurs when the fixed price agreement exceeds actual expenditures at financial close and SHSU by the terms of the agreement retains those funds without additional restrictions. These funds must be utilized to support SHSU designated research and sponsored programs activities. The residual balance will be reduced by SHSU's on-campus negotiated indirect cost rate and the remaining amount will be transferred to the department(s) responsible for fulfilling the terms of the agreement or to another designated research fund approved by the Provost and Vice President of Finance & Operations.

Reviewed by: TSUS – (03/20/2013)
Cabinet (01/22/2013)
Susan Hurley, Research Administration Manager (7/24/18)
Amanda Withers, Controller (7/24/18)

Next Review: As Needed

PROCEDURES TO POLICY FO-ORA-01

1. All proposals for a fixed price project must be processed through the Office of Research and Sponsored Programs (ORSP) prior to providing any pricing or commitment to the sponsor. These requirements include:
 - a. A proposal routing form (PRF) with all approval signatures
 - b. A detailed statement of work (including deliverables and due dates)
 - c. A detailed internal budget, prepared and reviewed by ORSP
 - d. Compliance approvals (if applicable) prior to expenditure:
 - i. Human subjects
 - ii. Animal subjects
 - iii. Hazardous chemicals or materials
 - iv. Recombinant DNA
2. Budgets are prepared and reviewed by the Office of Research and Sponsored Programs, with PI input.
3. If awarded, all fixed price agreements are processed through the Office of Research Administration. All original official award documents, if received by the principal investigator (PI) or department, should be forwarded immediately to ORA for processing. Awards are made to the University, not to an individual investigator, department, center or college. Only certain individuals are authorized to sign on behalf of the University. PIs, department chairs and deans are not authorized to negotiate or sign on behalf of the University. The Office of Research and Sponsored Projects is responsible for securing authorized signatures on awards. ORSP along with ORA serves as the intermediary between a sponsor and the PI for purposes of negotiation, budget changes, modifications to an award, date extensions, billing, collection of payment and other administrative/financial matters. Any payments must be made to Sam Houston State University and not to the individual PI.
4. It is the responsibility of the principal investigator to properly monitor the timing of tasks, completion of deliverables, and final technical reporting of results. If the expectations are not met as specified, the University has violated the agreement and total payment may not be made. The PI is required to provide a copy of all written technical reports/deliverables to the Office of Research Administration.
5. As with all sponsored projects, expenditures on fixed price projects require the additional administrative review by the Office of Research Administration and must be directly related to the purpose and performance of the award.
6. If actual expenditures exceed the fixed price of the agreement, the following process will apply:
 - a. Expenditures exceeding the fixed price agreement will be transferred to the department responsible for the fixed price agreement. Unless a department

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determines otherwise, this amount will be transferred into PI's designated research FOP.

7. If the fixed price of the agreement exceeds actual expenditures, the following process will apply:
 - a. If the residual balance exceeds 25% of the total award (price of the agreement), a signed memo from the PI is required with justification regarding the reason for a substantial balance.
 - b. The fixed price project will be charged indirect costs against the total project amount based on SHSU federally negotiated on-campus rate for modified total direct cost (MTDC). This amount will be reduced by any previously charged indirect costs during the project period. The final calculated amount will be transferred to the Grant Adjustment Fund if that fund has a current fund balance below \$400,000 at the time of the transfer; otherwise, the final calculated amount will be transferred according to the SHSU approved indirect cost method.
 - c. The remaining residual funds, once indirect costs are charged to the project, will be transferred to the department responsible for the fixed price agreement. Unless a department determines otherwise, this amount will be transferred into the PI's designated research fund