



Georgia Southern University

Controller's Division

Accounting Policy and Procedure Manual

SUBJECT: Financial Accounting – Grants & Contracts Residual Balance Policy	DATE: January 1, 2006 POLICY NO:
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1.0 Purpose

Provide institutional procedure for (1) timely and appropriate utilization of residual revenue earned on restricted fixed price or fee-for-service contracts, (2) ensure expenditure of residual revenue in these accounts does not inhibit the former sponsor's requirements, and (3) documentation of further expenditures from such accounts are approved.

2.0 Definitions

2.1 A sponsored project is defined as a project ID/account established for the receipt and expensing of funds for a grant or contract whose primary source of support is external to the institution.

2.2 A Fixed Price contract is a sponsored agreement or contract established by the Georgia Southern University Research and Service Foundation within the University restricted fund whereby the sponsor agrees to pay an upfront, agreed upon price, for an agreed upon product or deliverable.

2.3 A Fee-for-Service contracts is a sponsored agreement or contract established by the Georgia Southern University Research and Service Foundation within the University restricted fund whereby the sponsor agrees to pay an upfront, agreed upon price, for agreed upon services or individual task performed.

2.4 A residual balance is defined as an unobligated balance of funds remaining in a sponsored project at termination and closeout of the project. Residual balances are not required to be returned to the external funding source/ sponsor.

2.5 A residual project account is established for the purpose of receiving the transfer of an unobligated residual balance at the closeout of a sponsored project/account.

3.0 Policy

Remaining residual balance(s) earned from Fixed Price/Fee-for-Service restricted fund projects/accounts are closed and maintained in the Georgia Southern University Research and Service Foundation following completion of project (see grant/contract close-out procedure). Residual balances may be expended by request to the Research Foundation or establishment of a sponsored residual balance budget by department or center through Georgia Southern University of funds held by the Research Foundation. Georgia Southern University invoices the Research Foundation monthly for residual fund expenditures incurred.



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4.0 Procedure

4.1 Remaining residual balance earned on a Fixed Price/Fee-for-Service is maintained by the Georgia Southern University Research and Service Foundation upon full close out of the project.

4.2 The following information must be submitted to Grants/Contracts Office (or ORSSP) at project completion. Principal Investigator and/or Center Director must confirm the following:

1. All work has been completed
2. No outstanding items remain open or in question with the sponsor
3. All reports (technical and financial) have been received and accepted by the sponsor.
4. All costs have been applied to the University's sponsored project account.
5. All payments for the project have been received from sponsor.
6. The University has been reimbursed for all direct and institution share of F&A by the Georgia Southern University Research and Service Foundation.
7. All state funds used in the conduct of the project have been recovered.

A checklist form with place for signatures including items listed above must be completed by Principal Investigator/Center Director to expedite the process of fund transfer. Form is located at (web site).

4.3 If residual balance is greater than 25% of the awarded amount, Dean's signature is required for transfer of funds.

4.4 Following receipt of form described in 4.2 above signed by the Principal Investigator and/or Dean:

4.4.1 F&A is taken from the balance of residual funds, if assessed on the restricted project account, in one lump sum at the time of transfer.

4.5 Each department, center or fiscal unit is permitted to establish one pooled restricted project/account for the purpose of transferring small residual balances. The purpose of this account is solely for receipt of residual balances of multiple Fixed Price/Fee-for-Service



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accounts, which remain after their specified time limit. **No other funds or income may be deposited in this account.**

- Before the account is extended or funds transferred the remaining residual balance will be utilized to cover any cost overruns (deficits) made by the same fiscal unit director on other restricted accounts where he/she is responsible, including Georgia Southern University and Georgia Southern University Research and Service Foundation.