

University of the Pacific Residual Funds Policy

Oversight Office: Office of Sponsored Programs

Date Issued/Effective: November 1, 2013

Objective:

The purpose of this policy is to establish guidelines and procedures for retaining residual income from fixed price and fixed rate contracts. This policy applies to all residual income that is the result of a sponsored program activity. Each University of the Pacific department is responsible for complying with and enforcing the policies and procedures outlined herein. Any penalties, disallowances or losses of funding caused by noncompliance with this policy will be assessed against the department.

Definitions:

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

- “Fixed Price Contract” means an award mechanism where the sponsor provides funding at a firm, predetermined price.
- “Full Sponsor Payment” means 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.
- “Residual Funds” means 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), after 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.
- “Project Completion Date” means 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 the Office of Sponsored Programs as the close date of the study.

Policy:

1. If Facilities & Administration (F&A, or Indirect) costs are waived, the residual funds will be used to recover F&A cost at 10% rate for firm fixed price agreements.
2. To the extent that Residual Funds exist after Full Sponsor Payment, then within one hundred and eighty (180) calendar days of the Project Completion Date such Residual Funds shall be distributed as follows:
 - 10% will be distributed to the Business and Finance Division for administration of grants and contracts. Of the remaining funds, distribution shall be:
 - i. 60% to an index under the purview of the Principal Investigator (“PI”) for use in support of the teaching, research and public service mission of the University.
 - ii. 30% to the Dean of the PI’s School/College for use in support of the teaching, research and public service mission of the University, or as per the agreement reached between the PI and the Dean.
 - iii. 5% to the Office of Sponsored Programs for investing into future research proposals or as per the agreement between PI and the sponsored programs.
 - iv. 5% to the Office of the Provost for investment in strategic initiatives.
3. Residual balances that exceed 10%, but less than 20%, of the total award of the project budget must be accompanied by a statement from the PI and their Dean that all related costs have

been appropriately charged. **This shall not exceed \$250,000 of any accumulated funds for a single PI.**

4. Residual balances of 20% or more of the total project budget will not be distributed according to the above formula, and are subject to Internal Audit review. This shall not exceed \$250,000 of any accumulated funds for a single PI. The Associate Provost for Research & Graduate Studies, in conjunction with other individuals as deemed appropriate, will determine the disposition of all residual balances of 20% or more.

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. For Centers and Institutes, residual fund distribution will follow this policy and governing those entities. That policy may be found online at: http://www.pacific.edu/About-Pacific/AdministrationOffices/Office-of-the-Provost/Faculty-Handbook/9-Faculty-Development/9-7-Policy-on-Establishment-and-Review-of-Centers_Institutes_Clinics.html

3. If the PI's salary and research program are supported 50% or greater from external funds, an exception to this policy may be considered, as approved by the Dean of the PI's School/College, and the Associate Provost for Research & Graduate Studies.

4. 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.

5. The Office of Sponsored Programs must first apply residual funds to any deficits that exist on any of that PI's expired sponsored project accounts before distribution of the residual funds. The University reserves the right to sequester these funds if the Provost and CFO deem it necessary for the financial need of the university.

6. Should a PI's association with Pacific 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. The Associate Provost for Research & Graduate Studies and the Controller will determine the distribution of these residual funds.