

Procedure RA-PR2 Fixed Price Agreement Balance Rollovers

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I. Title

Procedure RA-PR2 Fixed Price Agreement Balance Rollovers

II. Background

This procedure is applicable to all fixed price agreements entered into by UTA. Fixed price agreements are financed differently than cost reimbursement research agreements as they often rely on the successful completion of set tasks, milestones, outcomes, or deliverables for payment. This can be appropriate for a variety of industries and types of projects because of the nature of the work/research to be performed and the associated allocation of expenditures may not easily coincide with the milestones of the work/research outcomes. As with any sponsored agreement, fixed price included, the University must estimate the budget for conducting the research at cost including full indirect cost recovery.

Disputes about performance can result in the University not being paid. Great care must be taken in budgeting, contracting, and assessing institutional risk before a fixed price agreement is undertaken. If the principal investigator (PI) underestimates the cost of the project, the college may have to pay to complete the work. If payments from the sponsor exceed actual costs, residual funds will remain after the project is completed. As a result, the University has established this procedure to meet the unique financial needs of these types of projects.

As a state institution of higher education, the University's mission is not to seek profit from its research activities; therefore, significant residual balances at the completion of a fixed price agreement may call into question the validity of the

proposed budget, the proper allocation of University resources to these external activities and potentially affect the University's tax-exempt status. Budgeting and allocating project expenses to the Project ID appropriately is an expectation of all PIs. PIs are responsible for reviewing their statement of account on a monthly basis to ensure that expenses are being charged correctly and the project budget to expenses is progressing at an expected pace. As with any sponsored agreement, all costs must be appropriately allocated to the project it benefits.

III. Procedure

After verification by the PI that all costs were accurately charged to the fixed price agreement and all deliverables were accepted by the sponsor, financial closeout will commence. Any projects with revenue balances without salary charges or that have a significant remaining balance will require additional justification and approval from the Vice President for Research or his/her designee as part of the closeout process. Once closeout of the project is complete, residual balances, less UTA's federal research indirect cost rate will be transferred to a restricted fund. If the project was subject to a Facilities and Administrative Costs (F&A) waiver, the waived amount will be recovered before any residual balances are transferred.

Consistent with 2 CFR § 200.307 - Program Income, UTA consistently treats any unspent revenue realized from non-federal sponsored projects to be restricted in accordance to [subpart \(e\)\(2\)](#). Therefore, any unspent revenue remaining after project expiration remains restricted to the advancement or general research area of the original award.

This consistency in treatment is also supported by [200.403 \(c\)](#) for the uniform application of policies and procedures between federal and non-federal funds.

A. Responsibilities

1. The Principal Investigator (or Designee)

- a. Submit a reasonable budget for the work proposed, covering all University costs.
- b. Charge costs appropriately.
- c. Monitor project balance and expenditures.
- d. Complete and submit deliverables and notify Grant Accounting of performance milestones that require billing (as applicable).

2. Department Administrative Staff

- a. Charge costs appropriately.
- b. Assist PI with notifying Grant and Contract Accounting (GCA) of milestones completion, as applicable and where tied to invoicing/payment schedules.

3. Office of Grant and Contract Services (OGCS)

- a. Identify agreements in the accounting system as fixed price.
- b. Coordinate with the VPR approval of significant rollover balances.

4. Grant and Contract Accounting

- a. Invoice per contract terms.
- b. Make sure certain funds are received in accordance with the contract terms.
- c. Perform and complete financial closeout.
- d. At financial closeout, notify post award if there are no salary expenses to the project or if a significant balance remains.

IV. Definitions

Fixed Price Agreement - In a "fixed price" award, the principal investigator agrees to accomplish project objectives within a specific timeframe for a set dollar amount. If the deliverables are not completed within the award period, the contract must be extended. The award amount also remains constant, even if actual costs for the project are above or below it. Any over expenditures are the responsibility of the department. Residual balances are rolled over to the department/unit head in accordance to this policy.

Residual Balance (unspent revenue) - Funds that remain in the project account after deliverables have been completed and accepted by the sponsor, after all costs needed to fulfill the requirements of the award have been charged to the project account, after any final adjustments to recoup under recovered indirect costs have been made, and after all payments from the sponsor have been received.

V. Relevant Federal and State Statutes

[2 CFR § 200.307](#) - Program Income

[2 CFR § 200.403](#) – Factors Affecting Allowability of Costs

VI. Relevant UT System Policies, Procedures and Forms

[UT System Regents' Rule 60306 Use of University Resources](#)

[UTA Policy RA-PO3 Proposal Review/Certification for Extramural Funding](#)

[UTA's Guide to Allowable Cost](#)

VII. Who Should Know:

Principal investigators and designees, departmental administrative staff

VIII. UT Arlington Office(s) Responsible for Policy

Vice President for Research

IX. Dates Approved or Amended

August 19, 2020

X. Contact Information

Questions regarding this procedure should be directed to the Vice President for Research at (817) 272-2105 or research@uta.edu.

Send notifications of errors or changes to: policysite@uta.edu