

**OFFICE OF THE CHANCELLOR**

**University of New Orleans**

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Administrative Policy & Procedure

**AP 19.01**

Effective Date: April 23, 2009

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**SUBJECT:** Close-out of Expired Fixed-Price Contracts and Disposition of Unexpended or Overdrawn Fund Balances

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**PURPOSE:** To provide a systematic method to ensure accuracy and consistency in the disposition of overdrawn and residual fund balances in the accounts of expired fixed-price contracts.

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**AUTHORITY**

*Article VII, Section 4, By-Laws and Regulations of the Board of Supervisors of the Louisiana State University System.*

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**DEFINITIONS**

1. Fixed-Price Contract - A contract that provides for a price which is normally not subject to any adjustment unless certain provisions are included in the agreement.
  2. Unexpended Fund Balance - Funds that remain in an expired fixed-price contract after deliverables have been completed and accepted by the sponsor. Presumes all costs have been recorded in the accounting system to include any balance remaining in the indirect cost category; all appropriate adjustments have been made; and all payments from the sponsoring agency have been received.
  3. Available Fund Balance - Funds available for use by the Principal Investigator after Procedure A, Steps 1 & 2 have been completed.
  4. Overdrawn Fund Balance - Amount of expenditures in excess of total authorized budget that causes the project to be in an overdrawn position.
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**GENERAL POLICY**

To set forth procedures for the disposition of overdrawn and residual fund balances in the accounts of expired fixed-price contracts, and to provide the Principal Investigator (PI) maximum flexibility for the use of these funds to support the original intent of the award, e.g., research, instruction, public service.

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**PROCEDURES**

**A. Disposition of Unexpended Fund Balances**

1. Upon expiration of the fixed-price contract and final determination of the unexpended fund balance, the Department of Sponsored Programs Accounting (SPA) will internally extend the close-out date of the fixed-price contract by 24 months.
2. For unexpended fund balances in excess of \$500.00, SPA will first apply these funds to cover overdrawn projects belonging to the PI. Any funds remaining thereafter will be available for use by the PI.
3. Fixed-price contracts having an unexpended fund balance of less than \$500.00 will be closed 90 days after the original expiration date and the funds will be used as outlined below in Procedures B (PI–No Longer Affiliated with the University) or C (PI–Active).

4. The current University fringe rate will be charged to all applicable salaries during the period of the extension.

**B. Principal Investigator (PI) –No Longer Affiliated with the University**

For an *expired* fixed-price contract when the PI is *no longer affiliated* with the University, all residual funds will be used to offset negative balances in other restricted accounts within the PI's college. Any remaining funds will be transferred to the indirect cost reserve account of the Dean of the College.

**C. Principal Investigator (PI)- Active**

For an *expired* fixed-price contract in which the PI is active (*still affiliated*) with the University, all unobligated funds remaining after the 24 month extension will be transferred to the indirect cost reserve account of the Dean of the College.

**D. Disposition of Overdrawn Fund Balances**

For all *expired* fixed-price contracts having an *overdrawn fund balance*, the overdraft will be transferred to an account to be determined, on a case by case basis, in consultation with the Office of Research and Sponsored Programs (ORSP) and the Department of Sponsored Programs Accounting (SPA).

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## RESPONSIBILITIES

**Principal Investigator** will be responsible for providing, at the proposal stage, a budget purporting to be a reasonable estimate of costs to be incurred for the successful completion of the project. The PI will share the responsibility with SPA for monitoring expenditures and project balance to ensure that all funds are expended by the expiration date of the contract. The PI will also be responsible for completing and submitting deliverables as required by the time table specified in the contract.

**Sponsored Programs Accounting (SPA)** will be responsible for monitoring expenditures and project balances and of notifying the PI of any concerns related to the contract. SPA will also be responsible for timely submission of invoices and collection thereof.

**Office of Research and Sponsored Programs (ORSP)** will be responsible for setting up a budget that is consistent with the terms of the award and which reflects the intent expressed by the PI in the approved budget.

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Timothy P. Ryan  
Chancellor