

POLICY NO. 12-9

TITLE OF POLICY

RESIDUAL FUNDS POLICY

1.0 PURPOSE

Fixed price sponsored awards are awards in which an agreed upon, set price is determined for the project to be accomplished. As a non-profit organization, BVARI's funds must be derived and reinvested in keeping with its mission. A consistent trend of significant residual balances on fixed price sponsored awards may call into question the validity of the proposed budget. BVARI requires that all unexpended ("residual") balances are treated in accordance with the terms and conditions of the award and/or the sponsor's written policies relating to disposition of residual balances. If the award and sponsor are either silent on this issue and/or allow for residual balances to be retained by BVARI, then the remaining residual funds may be transferred to a BVARI residual account as approved and directed by the BVARI Board of Directors.

2.0 SCOPE

This policy applies to all BVARI-administered sponsored awards that allow retention of residual funds. Residual funds for PIs who have left the VA Boston Healthcare System are referenced in the **Transfer Policy**.

3.0 POLICY

Active PIs and administrators must prepare accurate proposal budgets and costs associated with the fixed price sponsored award to fully capture all resources necessary for the work performed on the project. Upon completion of the award and verification from BVARI Sponsored Programs Administration that the sponsored award allows for residual balances to be retained by BVARI, the Board of Directors may consider retention of residual funds.

If the Board of Directors approves, the residual account will be set up in the active PI's name for research and/or educational activities. Prior to transfer, residual funds will first be applied to cover any existing VA reimbursements or other financial obligations incurred by the PI.

BVARI makes reasonable attempts to provide the PI access to residual funds but does not guarantee availability and may amend prior decisions at any time. If a residual account ends a fiscal year below \$500 with no obligations that fiscal year, BVARI's Finance Department will deem those accounts inactive and transfer the balance to an administrative unrestricted account for use at the discretion of the Board of Directors.

4.0 DEFINITIONS

Active PI(s): A PI must be currently engaged in BVARI-administered research and/or/ educational or related scholarly activity in order to maintain, and request expenditures from, a BVARI general residual account.

Residual funds: Allowable funds remaining after all project-related expenditures and deliverables have been submitted to the sponsor and no contractual obligations remain on behalf of the active PI and BVARI

5.0 RESPONSIBLE PARTIES

5.1 Principal Investigators: Ensure accuracy of proposal budgets and applicability of budgeted expenditures on sponsored awards. Complete ***Residual Balance Transfer Request*** upon completion of applicable awards.

5.2 BVARI Board of Directors: The Board of Directors is responsible for the overall policy and approval of all residual balance transfer requests.

5.3 BVARI CEO: The CEO is responsible for developing and administering a business process that provides optimal internal controls.

5.4 BVARI Sponsored Programs Administration (SPA): SPA is responsible for compliance with sponsored award terms and ensuring BVARI employees and active PIs comply with this policy.

5.5 BVARI Finance: Finance is responsible for the applicable reporting of account balances, transferring funds into a residual account upon request by SPA, reporting of expenditures from residual accounts to PIs, and monitoring use for dissolution of residual account.

6.0 PROCEDURES

Upon completion of the award and verification from BVARI SPA that the sponsored award allows for residual balances to be retained by BVARI, SPA will request that the active PI submit a completed ***Residual Balance Transfer Request***.

Upon BVARI Board of Directors' approval, residual balances on sponsored awards shall be placed into a separate account for use as directed by the Board of Directors. New residual accounts set up in the PI's name as of August 18, 2021 will be assessed as follows:

Sponsor Type	Project Type	Indirect Cost (IDC) Rate During Award Period of Performance	Assessment on PI Residual Account
Federal, Non-CRADA ¹	Research or Education	Current federally-negotiated rate at the time of expenditure	<ul style="list-style-type: none"> • 3% for Early Stage Investigator Fund prior to transfer • Current federally-negotiated rate at time of expenditure²
CRADA	Research or Education	35%	<ul style="list-style-type: none"> • 3% for Early Stage Investigator Fund prior to transfer • 35% per expenditure²
Non-Profit	Research or Education	Current federally-negotiated rate at the time of expenditure ³	<ul style="list-style-type: none"> • 3% for Early Stage Investigator Fund prior to transfer • Current federally-negotiated rate per expenditure²
Donations	Research	Current rate at the time of receipt	<ul style="list-style-type: none"> • 3% for Early Stage Investigator Fund prior to transfer
Donations	Education	15%	<ul style="list-style-type: none"> • 3% for Early Stage Investigator Fund prior to transfer

PIs with multiple residual accounts will expend funds in the order that each new residual account was established as of August 18, 2021. If a PI elects to combine residual accounts, the account will be assessed at the highest rate.

7.0 RELATED DOCUMENTS

[BVARI Federally-Negotiated Indirect Cost Rate Agreement](#)

[Early Stage Investigator Guidelines](#)

[Residual Transfer Request](#)

[Transfer Policy](#)

8.0 REVISION HISTORY

Revision Letter	Author	Revision Date	Description of Changes

¹ CRADA: Cooperative Research and Development Agreement

² Assessment on expenditures is incurred on residual account with the exception of instances where the fully funded award amount was assessed during the award period of performance, as determined by BVARI Finance.

³ For non-profit sponsors, during the award period of performance, the negotiated indirect cost rate at the time of expenditures are applied to the award unless the sponsored award requires a fixed rate (i.e., fixed at the federally-negotiated indirect cost rate upon award acceptance).

A	Nancy Watterson-Diorio	8/18/2009	Separated from Transfer Policy
B	Daniel Burke	12/2/2009	Info for closing residual accounts
C	Jeffrey Burd	5/24/2012	Changed closing amounts. Clarified ownership of residual funds.
D	Patricia McNulty, Amy Kimball	11/18/2020	- Revised policy language and reorganized Policy and Procedure sections.
E	Denise Moody	8/18/2021	- Modified Section 3 to require justification in all requests, regardless of 25% threshold - Added Section 5 responsibilities to include PI, Board, and CEO - Added table in Section 6 to include Early Stage Investigator assessment, applicable indirect costs applied to residual transfer requests, and footnote references - Added Section 7 Related Documents and new Residual Transfer Request form