



Campus Administrative Policy

Policy Title: Retaining Residual Income from Federal Fixed-Price Contracts 4-20

Policy Number: 2030 Functional Area: Finance

Effective: May 1, 2009
Date Last Amended/Reviewed: May 1, 2009
Date Scheduled for Review: July 1, 2016
Supersedes: Fiscal Policy for Retaining Residual Income from Federal Fixed-Price Contracts (December 1, 2007)

Approved by: Vice Chancellor for Research

Prepared by: Director of the Office of Grants and Contracts
Reviewing Office: Office of Grants and Contracts
Responsible Officer: Office of Grants and Contracts

Applies to: CU Denver Campus
CU Anschutz Medical Campus

A. INTRODUCTION

The purpose of this policy is to establish guidelines and procedures for retaining residual income from federal fixed price and fixed rate contracts. Each University of Colorado Denver | Anschutz Medical Campus (“the university”) 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. This policy applies to all residual income that is the result of a federal contract sponsored program activity.

B. DEFINITIONS

1. Federal Fixed Price Contract means any fixed price contract or other fixed price agreement between the University and the Federal Government, or any federal fixed price subgrant, subcontract, or other fixed price agreement received by the University and the original source of funding is from the Federal government.
2. Fixed Price Contract Residual Income means income remaining after all services required of the contract have been completed, all invoices have been submitted and

sponsor payments have been received, and all F&A has been charged.

3. Sponsored Projects are research, instructional, or public service activities that are related to the mission of the university and sponsored by external agencies or entities. If an award meets at least one of the following criteria, it is likely a Sponsored Project. However, the existence of any one of the criteria may not be determinative.
 - a. The award is a grant or contract from a governmental entity, unless exempted under OMB Circular A-21.
 - b. The proposal responds to a Request for Application (RFA), Request for Proposal (RFP), or other formal solicitation, and the project is initiated by notice of award. Certain RFPs issued by private charitable foundations may not qualify as a Sponsored Project.
 - c. The award includes terms that bind the university to a list of scholarly or scientific inquiry
 - d. The Statement of Work specifies programmatic objectives mutually agreed upon by the university and the sponsor, which are to be accomplished within a specific period of time or within a detailed budget framework.
 - e. The sponsor is entitled to receive the following types of deliverables: a detailed technical report of research results, milestone reports, or a required report of allowable expenditures. Certain reporting requirements of private charitable foundations that are stewardship- or accountability-oriented may not qualify as Sponsored Projects.
 - f. The award requires separate accounting procedures and detailed financial reports.
 - g. The sponsor requires the return of unexpended funds or only reimburses for incurred costs (expenditure-driven).
 - h. The award provides for compliance audits by or on behalf of the sponsor, which may or may not include a financial audit.
 - i. The award is for a project requiring compliance oversight including, but not limited to: human subjects, animal use, biohazards, or bio-safety.
 - j. The award terms include publication or data restrictions or monitoring.
 - k. The sponsor requests intellectual property rights or controls the disposition of capital equipment.
 - l. The award is by a sponsor who has licensing rights to inventions from the same lab/researcher benefiting from the award.
 - m. The sponsor designates a sponsor employee (agent) as project technical monitor (as opposed to designating a contact person to improve communications).
 - n. The award is for a sub-award project under a federal award.
 - o. The award requires a matching or cost sharing commitment on the part of the university.
 - p. The award generates program income to a federal award.
 - q. The award from the sponsor is for membership fees to centers and affiliate programs. The university may receive membership fees for its centers and affiliate programs, as characterized by any one of the following examples:

- 1) The member agreement imparts “Center Member” status to the sponsor.
- 2) The member receives the right to exert any type of control over the operation of the institute, center, or program.
- 3) The member receives special or discounted access to laboratories or other university facilities for its use.
- 4) The member receives patent, licensing rights, or other intellectual property rights provisions benefiting the sponsor.

C. POLICY STATEMENT

1. General

OMB Circular A-110 requires recipient organizations to account for program income related to projects financed in whole or in part with Federal funds and specifies different methods for use of program income generated during the grant or contract award period. OMB Circular A-21 requires the cost principles be used as guides in the pricing of fixed price/fixed rate contracts and subcontracts where costs are used in determining the appropriate price.

2. Responsibilities Related to Potential Residual Income from Federal Fixed-Price Contracts

a. Principal Investigator/Department

During the application/contract development process, the Principal Investigator (“PI”)/Department is responsible for estimating as accurately as possible the actual costs associated with performing required services under a federal fixed-price contract.

b. Grants and Contracts

Grants and Contracts will establish the appropriate program/project budget and/or accounting entries in the accounting system so that all income can be appropriately tracked and accounted for under a federal fixed-price contract. In all cases, residual income from federal fixed price contracts shall remain in the University’s accounting system. Incoming monies will be deposited promptly in accordance with University fiscal policies and procedures for effective cash management.

3. Use of Retained Residual Income from Federal Fixed Price Contracts

Principal Investigators may retain up to 5% of residual income from federal fixed price contracts. This amount will become available to the PI when transferred to the PI’s account in the 26 Fund and should be used for unfunded research-related expenses. If more than 5% residual income remains and the PI wishes to use that additional residual, a request for use of those funds must be forwarded through the Office of Grants and Contracts to the university Vice Chancellor for Research for consideration.

Notes

1. Dates of official enactment and amendments:

December 1, 2007: Adopted by the Vice Chancellor of Research
May 1, 2009: Updated and reinstated
March 26, 2019: Formatting Updated

2. History:
March 26, 2019: Modified to reflect a Campus-wide effort to recast and revitalize Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. Article links, University branding, and formatting updated by the Provost's office.
3. Initial Policy Effective Date: May 1, 2009
4. Cross References/Appendix:
 - Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, Subpart C – Post-Award Requirements, Financial and Program Management
 - Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions