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RESEARCH POLICY

Fixed Price Agreement, Disposition of Funds

PURPOSE:

This policy describes the allocation of residual funds from fixed-price research agreements.

APPLIES TO:

Principal investigators, faculty, deans, directors, department chairs

CAMPUS:

Lawrence

POLICY STATEMENT:

In some instances the most efficient way for a sponsor to support research activities is through a fixed-price agreement. In such an agreement a specified research outcome is delineated and a fixed dollar amount is provided to support the necessary research activities. The amount provided should be appropriate to support the specified research activities and expenditures supported by these funds must be allocable and allowable for the project.

It is the responsibility of the Principal Investigator to estimate as accurately as possible the cost of the project. Regardless of the sponsor, Federal regulations require that the project budget estimate actual costs in a manner consistent with other sponsored projects. Even if a detailed budget is not required by the sponsor, project budgets prepared for internal use must include sufficient detail to provide verification that all costs included are based upon normal university rates and policies. Costs that are normally unallowable on a cost-reimbursable project (including, but not limited to, general office equipment and computers, furniture, entertainment costs) will also be unallowable on a fixed-price project unless the sponsor provides prior authorization of these expenses or approves specific language in the scope-of-work and budget that describes these costs.

At the completion of the project, if sponsor-provided funds are insufficient to cover the cost of providing the required deliverables to the sponsor, additional costs are not usually negotiable with the sponsor. Therefore, it is imperative that the estimated fixed-price budget reflects the full cost of the proposed research. As a general rule overrun costs are the responsibility of the PI/department/center.

If at the completion of the project there are residual funds remaining these funds will be allocated in the

following way:

- KUCR will, based on the original project budget, collect any remaining F&A amounts and distribute them per the allocation established at the time the award was set up.
- If remaining funds are less than or equal to 15% of the originally budgeted direct costs this amount will be transferred into the PI's Research account.
- If the remaining funds are greater than 15% of the originally budgeted direct costs, an amount equal to 15% of the originally budgeted direct costs will be transferred into the PI's Research account, and the balance of the remaining funds will be divided between the Dean/Director (2/3) and KUCR (1/3).

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APPROVED BY:

Vice Chancellor for Research

APPROVED ON:

Monday, November 15, 2010

EFFECTIVE ON:

Monday, November 15, 2010

REVIEW CYCLE:

Annual (As Needed)

RELATED POLICIES:

- [Facilities and Administrative Costs Return Policy](#)
- [Cost Share and Matching](#)

RELATED FORMS:

- [PI Certification and Close-Out Form](#)

KEYWORDS:

Fixed Price; Sponsored Projects; F&A

REVIEW, APPROVAL & CHANGE HISTORY:

9/10/2012: Changed contact information

7/22/2013: Changed contact information

5/21/2014: Added link to PDF for PI Certification and Close-Out Form; made additional technical edits

Financial Categories: *Accounting*
Research Category: *Research*