

Subject: Residual Funds Sponsored Projects	Author:
Effective Date: March 4, 1998	Last Review Date:
Last Revision:	Revised By:
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It shall be the policy of the University to retain, whenever possible, any unspent funds that remain after a sponsored project has been fulfilled. However, before any money can be retained, certain steps must be taken. It shall be the responsibility of the Restricted Accounting Area (RCO) of the Controller's Office as well as the Principal Investigator (PI) to make this determination before any transfers take place. The procedures that must be followed are the following:

1. Ascertain if any extensions to the sponsored project are pending or allowed (RCO/PI).
2. Determine if all direct cost charges have been posted to the account (RCO/PI). Once all direct cost charges have been posted and determination made that no further ones will be posted, the account shall be frozen (RCO).
3. If any unspent cash remains after all expenses have been posted, the contract should be consulted to determine if it is a fee for service or a cost reimbursable contract (RCO/PI).
4. If the contract is a cost reimbursable contract, then make sure the correct amount of facilities and administration cost has been charged to the account. This should be done by adding all direct cost and multiplying the sum by the correct Indirect Cost Rate for the particular grant or contract (RCO). The department should then be instructed to initiate the paperwork to return the unexpended funds (PI). Most federal and state contracts are cost reimbursable; therefore, any remaining funds must be returned.
5. If the contract is a fee for service (i.e. a drug study) and there is documentation that the study has been completed to the sponsor's satisfaction, the funds may be transferred to a 6 ledger unrestricted gift account after the original amount of facilities and administration cost in the budget are charged to the account. If an unrestricted gift account is not available, the PI needs to request a 6 ledger account from the appropriate person in the Office of Development and Support Services via miniform. Funds can be transferred only to a 6 ledger unrestricted gift account and will remain frozen in the 9 ledger account until the 6 ledger account has been created (PI).
6. Once the PI has received a 6 ledger account from the Office of Development and Support Services, the funds may be transferred into it and the funds can be spent at the discretion of the PI subject to the normal departmental or unit administrative oversight (PI). These funds may not be used to provide x-pays. A journal entry should be made debiting 09XXXX on subcode 4100 (Residual Funds)(this being the fund addition/reduction

subcode and not the fund transfer subcode) and crediting 62XXXX on subcode 0690 (Residual Funds).

7. At the same time the funds are transferred to the 6 ledger account the budget should be reduced to the level of expenses, any A/R should be removed, the account should be completely frozen, and the address should be ZZZ'd (RCO).
8. After the funds are transferred to the 6 ledger account, unrestricted accounting should be contacted with any questions concerning the funds (i.e. budgeting) (PI).